PROVINCE OF MANITOBA
ANNUAL REPORT
FOR THE YEAR ENDED
MARCH 31, 2011

PROVINCE DU MANITOBA
RAPPORT ANNUEL
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2011

INCLUDES :
- The Year-End Review
- Economic Report
- Financial Statement Discussion and Analysis Report
- Public Accounts – Volume 1

SOMMAIRE :
- Bilan de l'année
- Rapport économique
- Rapport d'analyse des états financiers
- Volume 1 des comptes publics

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
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MINISTRE DES
FINANCES

Palais législatif
Winnipeg (Manitoba) CANADA
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HIS HONOUR PHILIP LEE
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of the Province of Manitoba for the year ended March 31, 2011. This document completes the government's accountability reporting for the year. The Report includes a review of the year's results relative to the government's budget. It also contains economic statistics and indicators of the financial health of the Province.

Included in this Annual Report is Volume 1 of the Public Accounts. The Public Accounts contain the summary financial statements of the government reporting entity and management's financial statement discussion and analysis report.

Original signed by

Honourable Rosann Wowchuk
Minister of Finance

Office of the Minister of Finance
September, 2011

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FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
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SON HONNEUR PHILIP LEE
Lieutenant-gouverneur de la province du Manitoba

Votre Honneur,

J'ai le privilège de vous présenter, à titre informatif, le rapport annuel de la province du Manitoba pour l'exercice qui s'est terminé le 31 mars 2011. Ce document complète le compte rendu des activités du gouvernement pour cet exercice. Le rapport comprend une récapitulation des résultats de l'exercice par rapport au budget du gouvernement. Il contient également des statistiques économiques et des indicateurs de la santé financière de la province.

Ce rapport annuel inclut le Volume 1 des comptes publics. Les comptes publics contiennent les états financiers sommaires de l'entité comptable du gouvernement, ainsi que les commentaires et analyses de la direction à ce sujet.

Original signé par

M^me^ Rosann Wowchuk
Ministre des Finances

Cabinet du ministre des Finances
Septembre 2011

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YEAR-END REVIEW

I am pleased to present the Province's Annual Report for the fiscal year ended March 31, 2011, that contains the financial statements for the year and reports of fiscal and economic performance.

In line with Manitoba's five year economic plan to emerge from the current global economic downturn with a positive balance in 2014/15, our summary financial statements show a net loss of $298 million for the year ended March 31st, 2011, which was significantly lower than budgeted. Manitoba's stable economic base helped our province fare better than most, in meeting the challenges of the past year.

The annual report continues to improve the accountability and transparency of public sector bodies and, in the Financial Statement Discussion and Analysis section, reports progress on key long-term indicators, established as recommended practices by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

I am pleased to be able to provide Manitobans with the Summary results and our Government will continue our efforts to achieve the objectives and results outlined in our Financial Management Strategy.

Respectfully submitted
Honourable Rosann Wowchuk
Minister of Finance

BILAN DE L'ANNÉE

J'ai le plaisir de vous présenter le rapport annuel de la Province pour l'exercice financier qui s'est terminé le 31 mars 2011 et qui contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques de la province.

Conformément au Plan économique quinquennal du Manitoba, qui vise à faire en sorte que la province sorte de la situation économique actuelle avec un solde excédentaire en 2014-2015, nos états financiers sommaires montrent une perte nette de 298 millions de dollars pour l'exercice se terminant le 31 mars 2011, soit un montant bien inférieur à ce qui avait été prévu au budget. Quant aux défis à relever l'an dernier, la base économique stable du Manitoba a permis à notre province de mieux s'en tirer que la plupart.

Le rapport annuel continue d'améliorer la transparence et l'obligation redditionnelle des organismes du secteur privé et, dans la partie réservée à l'analyse des états financiers, fait état des progrès accomplis relativement aux indicateurs à long terme établis comme pratiques recommandées par le Conseil sur la comptabilité dans le secteur public de l'Institut Canadien des Comptables Agréés.

Je suis heureuse de pouvoir faire part aux Manitobains des résultats sommaires. Le gouvernement continuera à déployer des efforts pour atteindre les objectifs et les résultats soulignés dans sa Stratégie de gestion financière.

Le tout respectueusement soumis.
M^{me} Rosann Wowchuk
Ministre des Finances

ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

Manitoba's economy is one of the most diversified in Canada. This diversity is an ongoing source of strength and stability. Over the past ten years, Manitoba's real economic growth has been one of the most stable among the provinces.

The Manitoba economy was well positioned entering the global economic slowdown with stable growth in domestic demand and broading exports markets. While the global economy saw its worst contraction in a generation in 2009. Manitoba fared better than other economies. According to Statistics Canada, Manitoba was the only provincial economy not to experience a decline in real economic activity. From 2006 to 2009, Manitoba posted the strongest average annual growth among the provinces.

With a global recovery under way, Manitoba's growth has proceeded at a modest pace. Since Manitoba's economy outperformed all other provincial economies in 2009, the province had less ground to recover in 2010.

The Manitoba Bureau of Statistics estimates that Manitoba's economy grew 2.5% in 2010. Industrial output was constrained by a 0.3% growth in goods production. Output in agriculture and manufacturing (Manitoba's largest industry) fell, while construction and mining output increased. In contrast value-added in service producing industries expanded by 3.3% with commercial services increasing by 3.6% and non-commercial service increasing by 2.4%.

There are several factors behind Manitoba's relative stability during the current economic cycle. Manitoba's diverse industrial structure lends itself to stable growth during swings in economic activity. The province has a relatively large and broad service sector base that tends to remain stable through the business cycle supplying key services. Manitoba has one of the most balanced external trade portfolios which exports similar values of output to both interprovincial and international markets. Manitoba also has a resilient labour market with high participation rate and low unemployment rate.

L'économie manitobaine est l'une des plus diversifiées du Canada. Cette diversité est une source permanente de force et de stabilité. Au cours des dix dernières années, la croissance économique réelle du Manitoba a été l'une des plus stables des provinces canadiennes.

L'économie du Manitoba était en bonne posture pour affronter le ralentissement économique mondial, grâce à la croissance stable de la demande intérieure et à l'élargissement des marchés d'exportation. Alors que 2009 a vu l'économie mondiale connaître sa plus grave période de repli depuis une génération, l'économie du Manitoba s'en est plutôt bien sortie. Selon Statistique Canada, le Manitoba est la seule province dont l'activité économique réelle n'a pas diminué. De 2006 à 2009, le Manitoba a affiché la plus forte croissance annuelle moyenne des provinces.

Alors que la reprise économique mondiale est en cours, le Manitoba connaît une croissance modeste. En effet, comme l'économie du Manitoba a dépassé celle des autres provinces en 2009, elle avait moins de retard à rattraper en 2010.

Selon le Bureau des statistiques du Manitoba, l'économie de la province a augmenté de 2,5 % en 2010. La croissance de 0,3 % des biens de production a limité la production industrielle. La production a baissé dans les secteurs de l'agriculture et de la fabrication (le secteur le plus important au Manitoba), alors qu'elle s'est accrue dans les secteurs de la construction et des mines. En revanche, la valeur ajoutée a augmenté de 3,3 % dans les industries de production de services (3,6 % pour les services commerciaux et 2,4 % pour les services non commerciaux).

La relative stabilité économique du Manitoba durant le cycle économique actuel repose sur plusieurs facteurs. La diversité de la structure industrielle du Manitoba favorise une croissance stable durant les périodes de fluctuations économiques. La province dispose d'un secteur des services relativement important et étendu qui tend à demeurer stable tout au long du cycle économique en fournissant les services essentiels. Le commerce extérieur du Manitoba est l'un des plus équilibrés au Canada puisque la valeur de la production exportée est la même à l'échelle interprovinciale qu'à l'échelle internationale. Le Manitoba bénéficie d'un

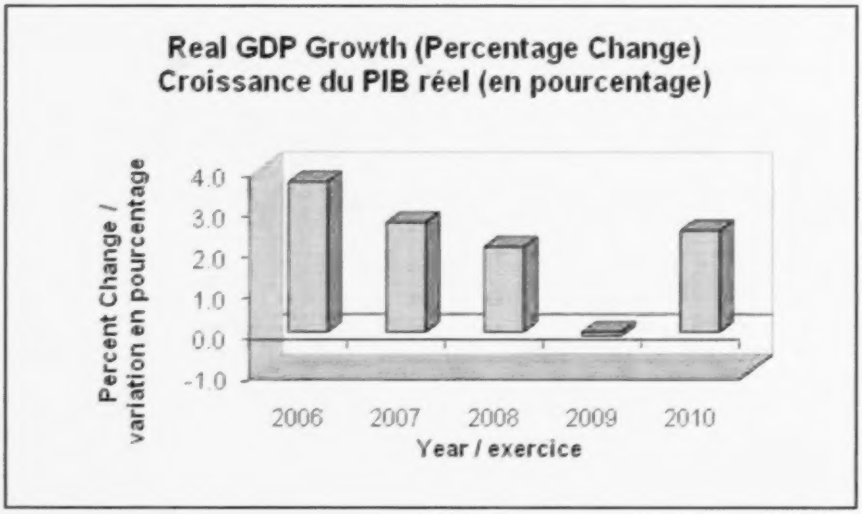
Gross Domestic Product

According to Statistics Canada, Manitoba's real GDP was unchanged at 0.0% growth in 2009, down from the 1.8% growth recorded in 2008. In April 2010, the Manitoba Bureau of Statistics estimated that 2010 real GDP increased by 2.5% in Manitoba.

marché du travail robuste caractérisé par un fort taux d'activité et un bas taux de chômage.

Produit intérieur brut

Selon Statistique Canada, le produit intérieur brut (PIB) réel du Manitoba n'a ni diminué ni augmenté en 2009, comparativement à une croissance de 1,8 % en 2008. En avril 2010, le Bureau des statistiques du Manitoba a estimé que le PIB réel avait augmenté de 2,5 % en 2010 au Manitoba.



Population

Manitoba's population was 1,235,412 as of July 1, 2010, the fifth largest among provinces. This is Manitoba's "official" population for the year.

The population growth from the previous year was 15,850 or 1.3%. This is the first year that Manitoba's population growth rate exceeded the national since 1985. Recent population growth is supported by an increase in immigration and a reduction in interprovincial out-migration. Natural population growth (births minus deaths) is also increasing.

Population

Au 1er juillet 2010, le Manitoba comptait 1 235 412 habitants, ce qui le plaçait au 5e rang des provinces. Il s'agit de la population « officielle » de la province pour cette année.

Entre 2009 et 2010, la population a augmenté de 15 850 personnes, soit une croissance de 1,3 %. C'est la première fois depuis 1985 que le taux de croissance de la population au Manitoba dépasse le niveau national. La récente croissance démographique bénéficie de l'augmentation de l'immigration et de la diminution de l'émigration vers d'autres provinces. La croissance démographique naturelle (naissances moins décès) augmente également.

On a calendar year basis, Manitoba's population grew by 16,915 in 2010 with total net in-migration of 11,315 combined with natural population growth of 5,600.

Labour Force and Incomes

Manitoba's labour market gained momentum in 2010 after remaining relatively flat in 2009. Last year the province generated 11,500 jobs, a 1.9% increase from 2009 and the best growth in eight years. Relative to other provinces, Manitoba's employment growth was third highest.

Supported by positive demographic and economic fundamentals, Manitoba's labour force expanded by 13,100 workers in 2010, the best growth since 2002 and follows a gain of 6,800 in 2009. The labour force participation rate rose to record 69.6% in 2010, the third highest among provinces and above the national average.

Manitoba's service sector employment, which accounts for 77% of total employment, increased by 8,400 jobs in 2010, while the goods sector employment increased by 3,100 jobs. Last year, private sector employment increased by 6,000 jobs and public sector employment increased by 5,500 jobs. The provincial manufacturing employment sharply improved in 2010, recouping all of the losses experienced in 2009.

The unemployment rate increased in 2010 to 5.4% from 5.2% in 2009. The 2010 unemployment rate was the second lowest in Canada and well below the national rate of 8.0%. In 2010, Manitoba's youth unemployment was 11.1%, the second lowest among provinces.

Sur l'année civile, la population manitobaine a augmenté de 16 915 personnes en 2010, soit une immigration nette de 11 315 personnes plus une croissance démographique naturelle de 5 600 personnes.

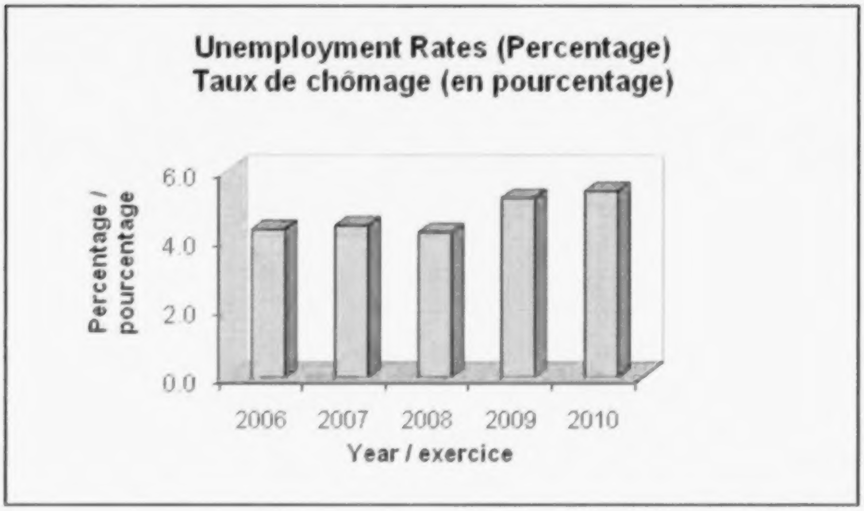
Main-d'œuvre et revenus

Le marché de l'emploi au Manitoba a repris de la vigueur en 2010 après être resté relativement inerte en 2009. Un total de 11 500 emplois ont été créés dans la province l'année dernière, soit une augmentation de 1,9 % par rapport à 2009. C'est la meilleure croissance enregistrée depuis huit ans. Par rapport aux autres provinces, la croissance de l'emploi au Manitoba a été au troisième rang.

Soutenue par des facteurs démographiques et économiques fondamentaux positifs, la main-d'œuvre du Manitoba s'est accrue de 13 100 travailleurs en 2010 (6 800 travailleurs supplémentaires en 2009), ce qui représente la meilleure croissance depuis 2002. Le taux d'activité de la main-d'œuvre a atteint le chiffre record de 69,6 % en 2010, un chiffre supérieur à la moyenne national et occupant la 3^e place parmi les provinces.

En 2010, 8 400 emplois ont été créés dans le secteur des services, qui représente 77 % du marché de l'emploi au Manitoba, et 3 100 dans le secteur des biens. L'année dernière, le nombre d'emplois s'est accru de 6 000 dans le secteur privé et de 5 500 dans le secteur public. La situation de l'emploi dans le secteur manufacturier au Manitoba s'est considérablement améliorée en 2010 et a permis de rattraper toutes les pertes subies en 2009.

Le taux de chômage a augmenté, passant de 5,2% en 2009 à 5,4% en 2010. Ce taux était largement inférieur à la moyenne nationale de 8,0%, et le Manitoba se plaçait au deuxième rang en ce qui concerne le plus bas taux de chômage au Canada. En 2010, le taux de chômage chez les jeunes au Manitoba était de 11,1 %, classant la province au deuxième rang le plus bas.



Investment

Manitoba's total capital investments increased to a record $10.7 billion in 2010, an increase of 10.4% from 2009. This increase was fourth strongest among provinces and the fifth consecutive year that investment in the province outpaced the national average. Manitoba also has the best record for consistent growth in capital investment of all provinces with only one year of decline in the past 20 years.

Private capital investment increased 3.6%, compared to an estimated national increase of 8.0%. Public investment rose by 25.2% in Manitoba and by 17.5% in Canada.

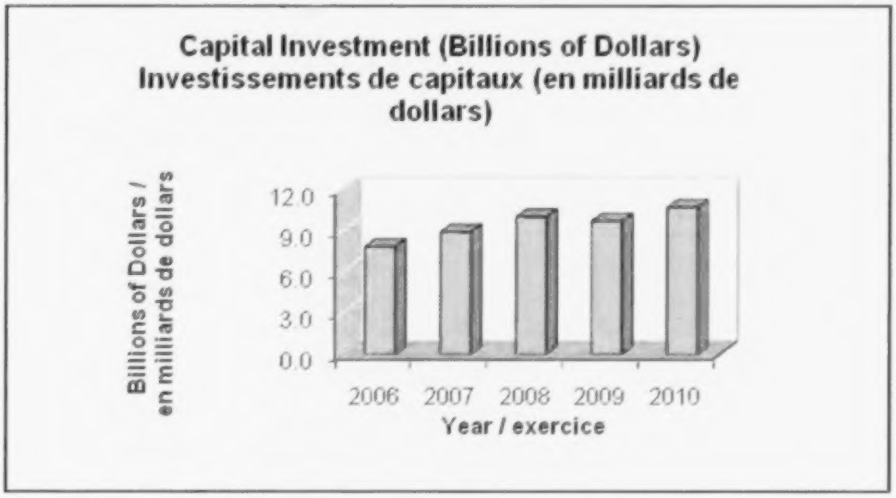
Since 2005, the level of private capital investment in Manitoba has increased by 35.5%, second highest in Canada and well above the national growth in private investment of 11.8% over the same period.

Investissements

Les investissements de capitaux au Manitoba ont atteint le chiffre record de 10,7 milliards de dollars en 2010, soit une augmentation de 10,4 % par rapport à 2009, plaçant le Manitoba au quatrième rang des provinces en ce qui concerne la plus forte croissance des investissements de capitaux. De plus, 2010 est la 5e année de suite au cours de laquelle cette croissance a dépassé la moyenne nationale. Le Manitoba affiche également les meilleurs résultats de toutes les provinces en ce qui concerne la croissance régulière des investissements de capitaux, puisqu'il n'a connu qu'une seule année de diminution en 20 ans.

Les investissements de capitaux privés ont augmenté de 3,6 %, comparativement à une augmentation nationale estimée à 8,0 %. Les investissements publics ont augmenté de 25,2 % au Manitoba et de 17,5 % au Canada.

Depuis 2005, le niveau des investissements de capitaux privés au Manitoba a augmenté de 35,5 %, ce qui place la province au 2e rang canadien à cet égard, bien au-dessus de la moyenne nationale de 11,8 % durant la même période.



Sectoral Developments

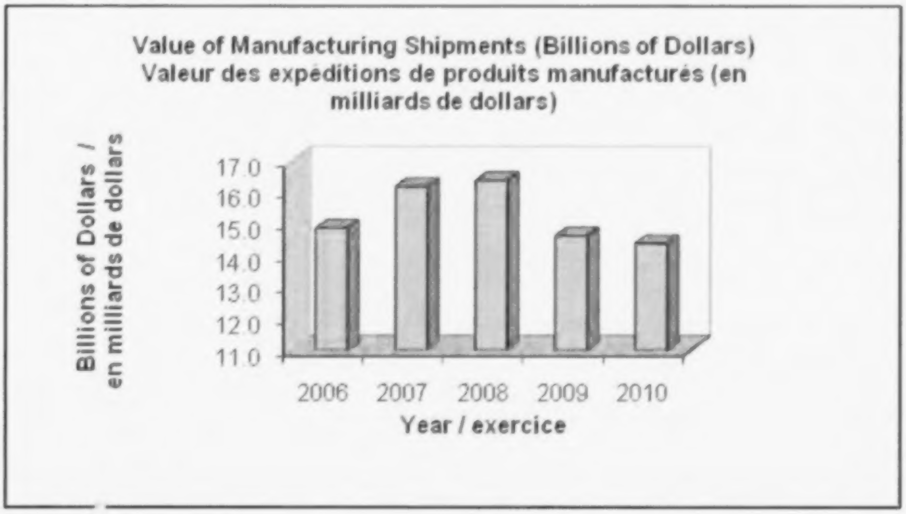
Manitoba manufacturing sales decreased 1.6% to $14.4 billion, while nationally sales increased 8.9%. Prior to 2010, Manitoba's performance bettered the national average for the ninth consecutive year.

In 2010, four Manitoba industries increased sales led by primary metals (14%) and non-metalic minerals (11.2%) while ten industries declined with electrical appliances, printing, chemicals and machinery equipment industries leading the losses.

Développements sectoriels

Les ventes de produits manufacturés au Manitoba ont diminué de 1,6 % (tandis qu'au niveau national, les ventes ont augmenté de 8,9 %) pour atteindre 14,4 milliards de dollars. Avant 2010, le Manitoba a dépassé la moyenne nationale pendant neuf années de suite.

Les ventes ont augmenté dans quatre secteurs industriels au Manitoba en 2010, en tête desquels on trouve les métaux de première fusion (14 %) et les minerais non métalliques (11,2 %). Les ventes ont baissé dans dix secteurs industriels, en tête desquels se trouvent les appareils électriques, l'imprimerie, les produits chimiques, et le matériel d'outillage.

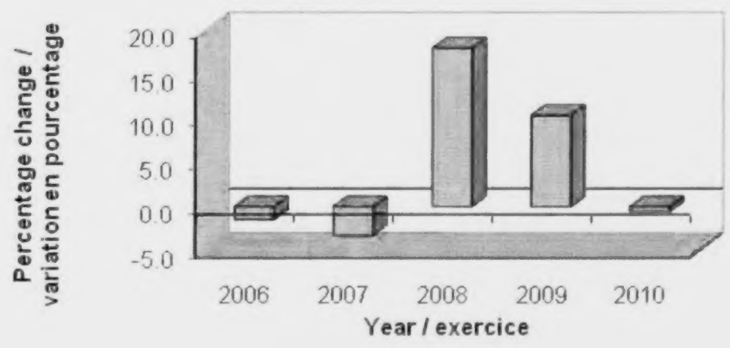


Manitoba farm cash receipts increased 0.1% in 2010 to $4.8 billion. Manitoba farm cash receipts have consecutively grown over the last four years, the best performance among provinces.

Les recettes monétaires agricoles du Manitoba représentaient 4,8 milliards de dollars en 2010, soit une hausse de 0,1 %. Les recettes monétaires agricoles du Manitoba ont augmenté durant chacune des quatre dernières années, ce qui représente le meilleur résultat de toutes les provinces.

Crop receipts were down 2.1% with weakness in wheat receipts offset by gains in oilseeds. Livestock receipts increased 6.1% with a sharp increase in hog receipts and a modest increase in cattle receipts. Direct payments, which include crop insurance and other transfers to producers, are estimated to have fallen 9.6% in 2010.

Les recettes provenant des récoltes ont baissé de 2,1 %, les gains enregistrés dans le secteur des oléagineux compensant les faiblesses dans le secteur du blé. Les recettes tirées de l'élevage ont augmenté de 6,1 %. L'augmentation a été forte dans le secteur porcin et modeste dans le secteur bovin. On estime que les paiements directs, qui comprennent les prestations d'assurance-récolte et d'autres transferts aux producteurs, ont diminué de 9,6 % en 2010.

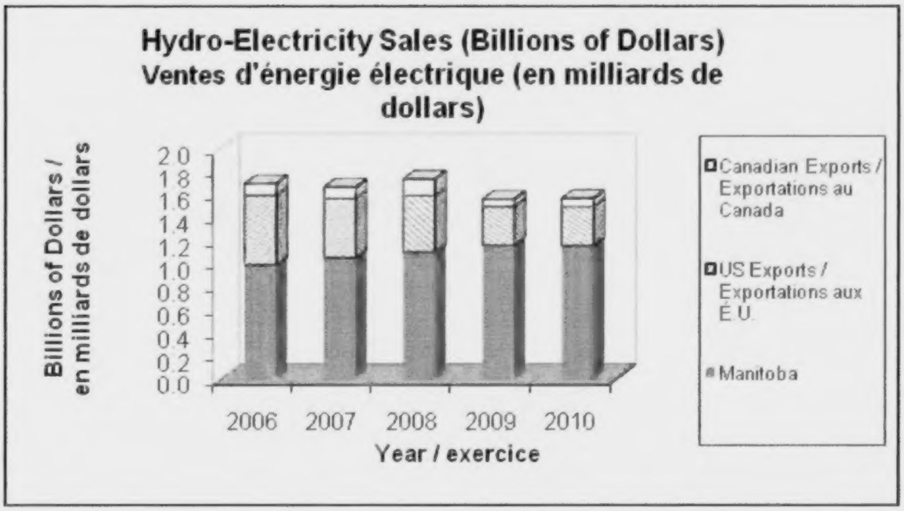

Farm Cash Receipts (Percentage Change)
Recettes monétaires agricoles (Variation en pourcentage)

In 2010, the value of Manitoba electricity sales increased. An 2.6% increase in export sales was marginally offset by a 0.2% decrease in domestic sales.

En 2010, la valeur des ventes d'électricité du Manitoba a augmenté. L'augmentation de 2,6 % des ventes à l'exportation a été légèrement contrebalancée par la diminution de 0,2 % des ventes intérieures.

Approximately 80% of export sales are to the United States with the balance to other Canadian provinces. Export sales to the U.S. are priced in $US; consequentially the decline was influenced by the rising Canadian dollar.

Environ 80 % des ventes à l'exportation sont destinées aux États-Unis et le reste aux autres provinces canadiennes. Les exportations à destination des États-Unis étant facturées en dollar américain, la hausse du dollar canadien a contribué à la baisse de la valeur des exportations.



In 2010, Manitoba housing starts increased to 5,888 units, a 41.1% increase and better than the 27.4% national increase. Single starts were up 30.7% while multiples increased 68.9%. The 5,888 housing starts in Manitoba in 2010 is the highest level since 1987.

In 2010, the value of building permits in Manitoba increased 12.6%. Non-residential permits were down 4.2% while residential permits up 23.7%. Canada permits were up 18.7%.

Manitoba retail sales increased 5.6% in 2010 compared to a 5.5% increase in Canada. The increase in 2010 retail sales was led by motor vehicle dealers (13.8%) and health and personal care store (11.8%) sales. Sporting goods (-11.2%), building material and garden (-1.5%) and electronics and appliance stores (-1.5%) had the largest declines.

The number of new vehicles sold in Manitoba increased 3.1% last year, a turnaround from the 8.4% decline in 2009, but lower than the 6.7% national increase.

The total value of production for Manitoba's metal and mineral mining increased in 2010. The volume of gold

Il y a eu 5 888 mises en chantier au Manitoba en 2010. Cela représente une augmentation de 41,1 %, plus forte que l'augmentation nationale de 27,4 %. Les mises en chantier ont augmenté de 30,7 % pour les habitations individuelles et de 68,9 % pour les habitations à logements multiples. Avec un total de 5 888 mises en chantier, 2010 est une année record depuis 1987.

En 2010, la valeur des permis de construction a augmenté de 12,6 % au Manitoba. Les permis de construction non résidentielle ont diminué de 4,2 % et les permis de construction résidentielle ont augmenté de 23,7 %. Les permis de construction au Canada ont augmenté de 18,7 %.

Les ventes de détail ont augmenté de 5,6 % en 2010 au Manitoba, comparativement à une hausse de 5,5 % au Canada. Les plus fortes augmentations concernaient les ventes de véhicules automobiles (13,8 %) et de produits de santé et de soins personnels (11,8 %). Les plus fortes baisses ont été enregistrées dans les magasins d'articles de sport (-11,2 %), de matériaux de construction et d'articles de jardinage (-1,5 %), et d'appareils électroniques et électroménagers (-1,5 %).

Le nombre de nouveaux véhicules vendus au Manitoba a augmenté de 3,1 % l'année dernière, un renversement de tendance par rapport à la baisse de 8,4 % enregistrée l'année dernière, mais un chiffre cependant inférieur à l'augmentation nationale de 6,7 %.

La valeur totale de la production dans le secteur des métaux et des minerais au Manitoba a augmenté en and copper sharply increased in 2010 while nickel output contracted zinc production was relatively unchanged falling 0.1%. Prices for all Manitoba's key metal mining commodities increased by double-digit rates in 2010.

Petroleum volume production was at record level with a 16.8% increase in 2010. Altogether, Manitoba's mining industries value of production (including petroleum) increased 26.2% in 2009. Value of mining production, excluding fuels increased 23.5% while value of fuel production increased by 31.8%.

2010. Le volume d'or et de cuivre a fortement progressé alors que la production de nickel a diminué et que celle de zinc est restée relativement inchangée (-0,1 %). Les prix de tous les principaux produits dans industrie d'extraction des métaux au Manitoba ont connu une croissance à deux chiffres en 2010.

Le volume de la production de pétrole a atteint des niveaux records avec une augmentation de 16,8 % en 2010. Au total, la valeur de la production des industries minières du Manitoba (y compris le pétrole) s'est accrue de 26,2 % en 2009. La valeur de la production minière, carburants exclus, a augmenté de 23,5 % et celle des carburant a connu une hausse de 31,8 %.

PUBLIC ACCOUNTS
VOLUME 1
FOR THE YEAR ENDED
MARCH 31, 2011

VOLUME 1
DES COMPTES PUBLICS
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2011

INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA/ INTRODUCTION AUX COMPTES PUBLICS DU MANITOBA

Nature of the Public Accounts

The Public Accounts of Manitoba are prepared annually by statutory requirement in accordance with section 65(1) of *The Financial Administration Act*, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts reflect the summary financial position of the Government and the operating results for the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources:

- the summarized financial information presented in the accounts of Manitoba, maintained by the Provincial Comptroller; and
- the detailed records, maintained by departments, agencies, Crown organizations (Crowns) and Government Business Enterprises (GBEs).

Each department and public sector organization is responsible for reconciling its accounts to the control accounts of the Provincial Comptroller, and for maintaining detailed records of the transactions in their accounts.

Format of the Public Accounts of Manitoba

The Public Accounts of Manitoba consists of the following volumes:

Volume 1 presents the Economic Report, the Financial Statement Discussion and Analysis, the audited summary financial statements of the Government, and financial reports on the Fiscal Stabilization Account and the Debt Retirement Account;

Volume 2 presents the audited Schedule of Public Sector Compensation Payments of $50,000 or more and the Government Departments' and Special Operating Agencies' payments in excess of $5,000 that do not require an audit; and

Volume 3 presents Supplementary Schedules and other statutory reporting requirements.

Nature des comptes publics

Les Comptes publics du Manitoba sont préparés tous les ans par obligation légale, conformément au paragraphe 65(1) de la *Loi sur la gestion des finances publiques*, chapitre F55 de la *Codification permanente des lois du Manitoba*. Les comptes publics présentent la situation financière sommaire du gouvernement et les résultats de ses activités pour l'exercice financier du gouvernement, qui se termine le 31 mars.

Les renseignements fournis dans le rapport proviennent de deux sources :

- le résumé de l'information financière présentée dans les comptes du Manitoba, qui sont tenus par le contrôleur de la province;
- les registres détaillés, qui sont tenus par les ministères, les organismes, les sociétés de la Couronne et les entreprises publiques.

Chacun des ministères et des organismes du secteur public est responsable du rapprochement de ses comptes et des comptes collectifs tenus par le contrôleur de la province, et de la tenue de registres détaillés de leurs opérations comptables.

Composition des Comptes publics du Manitoba

Les Comptes publics du Manitoba comprennent les volumes suivants :

Le **volume 1** présente le Rapport économique, le Rapport d'analyse des états financiers, les états financiers sommaires vérifiés du gouvernement, ainsi que les rapports financiers portant sur l'état annuel du solde à la fin de l'exercice en vertu de le compte de stabilisation des revenus et le compte de remboursement de la dette;

Le **volume 2** présente la liste vérifiée des paiements de rémunération du secteur public totalisant 50 000 $ ou plus, ainsi que les paiements totalisant plus de 5 000 $ qui n'exigent pas de vérification et qui sont versés par les ministères gouvernementaux et par les organismes de service spécial.

Le **volume 3** présente les annexes supplémentaires et les autres documents qui satisfont aux exigences législatives en matière de rapports.

Volume 4 is provided as a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity (GRE), but is not considered to be part of the Public Accounts of Manitoba.

Volume 1: Annual Report for the Year ended March 31, 2011 - This volume contains the following specific information:

Financial Statement Discussion and Analysis - This section provides a written commentary on the summary financial statements plus additional information on the financial and economic performance of the Provincial Government. The information contained in the Financial Statement Discussion and Analysis section is taken from the March 31, 2011 summary financial statements on pages 65 - 114.

Summary Financial Statements - These audited statements disclose the financial impact of the Government's activities. Only the Government's summary financial statements provide the key information on the financial activities of the entire Government. The summary financial statements include the financial results of the approximately 170 different agencies the Government uses to deliver its goods and services. The GRE includes the core Government and Crown organizations, government business enterprises and public sector organizations such as regional health authorities, school divisions, universities and colleges. The departments and entities comprising the GRE are disclosed in Schedule 8 of the summary financial statements.

The summary financial statements also provide the following key financial information:

- the Government's financial position at March 31 each year
- the results of its operations for the year
- what revenue it brought in and what it spent (i.e. annual surplus or deficit)
- how much it borrowed, repaid or refinanced
- how it obtained and used its cash

Le **volume 4** est un recueil des états financiers vérifiés des fonds, des organisations de la Couronne, des organismes publics et des entreprises publiques inclus dans le périmètre comptable du gouvernement, mais il n'est pas considéré comme faisant partie des comptes publics du Manitoba.

Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2011 - ce volume contient l'information financière suivante :

Analyse des états financiers - cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements complémentaires sur la performance financière et économique du gouvernement du Manitoba. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2011 (pages 65 à 114).

États financiers sommaires - les états financiers sommaires sont des états vérifiés qui précisent l'incidence financière des activités du gouvernement. Seuls les états financiers sommaires du gouvernement fournissent des renseignements clés sur les activités financières de tout le gouvernement. Ces états comprennent les résultats financiers des 170 organismes différents dont se sert le gouvernement pour fournir des biens et des services. Le périmètre comptable du gouvernement inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges. Les ministères et les organismes compris dans le périmètre comptable du gouvernement figurent à l'annexe 8 des états financiers sommaires.

Les états financiers sommaires contiennent les renseignements financiers clés suivants :

- la situation financière du gouvernement au 31 mars chaque année;
- les résultats des activités de l'exercice;
- le total des recettes et des dépenses (c'est-à-dire, l'excédent ou le déficit annuel);
- les sommes empruntées, remboursées ou refinancées;
- les sommes obtenues et la façon dont elles ont été utilisées.

Other Financial Reports – This section includes audited reports on information other than financial statements, including:

- the Fiscal Stabilization Account, and
- the Debt Retirement Account.

Volume 2: Supplementary Information - This volume contains the following specific information:

***Schedule of Public Sector Compensation* of $50,000 or More** - This audited schedule contains payments of $50,000 or more as paid through Government Departments as well as those paid by Special Operating Agencies, as required by *The Public Sector Compensation Disclosure Act*, and

Statement of Payments in Excess of $5,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of $5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements - This volume contains unaudited statements, schedules and other information, as well as the following audited statements:

- the Report of Amounts Paid or Payable to Members of the Assembly; and
- the Northern Affairs Fund.

Volume 4: This volume includes a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

The Public Accounts of Manitoba are available on the Internet at:
www.fin.gov.mb.ca

Autres rapports financiers – cette section comprend des rapports vérifiés portant sur l'information financière autre que les états financiers, notamment :

- le compte de stabilisation des revenus;
- le compte de remboursement de la dette.

Volume 2 : Supplément d'information - ce volume contient l'information suivante :

Liste de la rémunération dans le secteur public - cette liste vérifiée présente les paiements totalisant 50 000 $ ou plus, qu'il s'agisse des paiements versés par les ministères gouvernementaux ou de ceux versés par les organismes de service spécial, conformément aux exigences de la *Loi sur la divulgation de la rémunération dans le secteur public*.

État des paiements de plus de 5 000 $ versés à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics - cet état contient la liste des paiements de plus de 5 000 $ versés à même le fonds de fonctionnement ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics.

Volume 3 : Annexes supplémentaires et autres rapports prévus par la loi - ce volume contient des états, des annexes et d'autres renseignements non vérifiés, à l'exception des deux états suivants :

- le rapport des sommes versées ou à verser aux membres de l'Assemblée législative;
- le Fonds des Affaires du Nord.

Volume 4 : Ce volume comprend un recueil d'états financiers vérifiés de fonds, d'organisations, d'organismes et d'entreprises.

Les Comptes publics du Manitoba peuvent être consultés sur Internet à l'adresse suivante :
www.fin.gov.mb.ca

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS REPORT/ Rapport d'analyse des états financiers

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2010/11 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2010/11 fiscal year with comparisons to results for the previous fiscal year, as applicable.

- The summary financial statements of the Province of Manitoba fully comply with Canadian generally accepted accounting principles for the public sector and received an unqualified audit opinion from the Auditor General of Manitoba.

- Like other advanced economies emerging from the global recession, Manitoba posted moderate economic growth in 2010. Gross Domestic Product (GDP) increased 5.0% with nominal GDP reaching $53.5 billion .

- The Government recorded a net loss of $298 million, which is $169 million lower than forecast in the Third Quarter Financial Report and is a $247 million improvement from Budget 2010. Most provinces and the federal government posted net losses in 2010/11.

- The 2010/11 results included revenue of $13,205 million that sustained program expenses of $12,730 million and public debt charges of $773 million.

- Overall public debt charges as a percentage of revenue are 5.9%, a slight decline from 6.0% in 2009/2010.

- The Province invested $1,361 million on new tangible capital assets during the year.

Net debt position (the difference between total liabilities and financial assets) was at $12,837 million at the end of 2010/11, up $1,027 million from its balance as at March 31, 2010. Net debt to GDP increased to 24.0% from 23.2% at March 31, 2010. The ratio of net debt to total revenues has increased to 97.2% from 93.4% at March 31, 2010.

FAITS SAILLANTS 2010-2011

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2010-2011 et les comparent aux résultats de l'exercice financier précédent, s'il y a lieu.

- Les états financiers sommaires de la Province du Manitoba sont entièrement conformes aux principes comptables généralement reconnus au Canada pour le secteur public, et le vérificateur général du Manitoba a émis à leur sujet une opinion de vérification sans réserve.

- Le Manitoba, à l'instar d'autres gouvernements avancés émergeant de la récession mondiale, a affiché une croissance économique modérée en 2010. Le produit intérieur brut (PIB) a augmenté de 5,0 % tandis que le PIB nominal a atteint 53,5 milliards de dollars.

- Le gouvernement a enregistré une perte nette de 298 millions de dollars, ce qui est inférieur de 169 millions de dollars aux prévisions du Rapport financier du troisième trimestre et de 247 millions de dollars à ce qui était prévu dans le budget de 2010. La plupart des provinces ainsi que le gouvernement fédéral ont subi des pertes nettes pendant l'exercice 2010-2011.

- Les résultats de 2010-2011 comprenaient des recettes de 13 205 millions de dollars, qui ont servi à couvrir des dépenses de programmes de l'ordre de 12 730 millions de dollars et à assumer des frais de la dette publique établis à 773 millions de dollars.

- Les frais globaux de la dette publique représentaient 5,9 %des recettes totales, soit une légère diminution par rapport aux 6 % de l'excercice 2009-2010.

- La Province a investi 1 361 millions de dollars en nouvelles immobilisations corporelles au cours de l'exercice.

La dette nette (le total des passifs moins les actifs financiers) s'élevait à 12 837 millions de dollars à la fin de 2010-2011, une hausse de 1 027 millions de dollars par rapport au solde du 31 mars 2010. Le ratio entre la dette nette et le PIB est passé de 24,0 % à 23,2 % au 31 mars 2010. Celui entre la dette nette et les recettes totales est passé de 93,4 % à 97,2 % au 31 mars 2010.

- The accumulated deficit (the difference between total liabilities and financial and non-financial assets) stood at $4,503 million as at March 31, 2011, an increase of $129 million from March 31, 2010. The accumulated deficit to GDP ratio was 8.4%, down from 8.6% at March 31, 2010.

- Le déficit accumulé (le total des passifs moins les actifs financiers et non financiers) s'établissait à 4 503 millions de dollars au 31 mars 2011, une hausse de 129 millions de dollars par rapport au 31 mars 2010. Le ratio entre le déficit accumulé et le produit intérieur brut (PIB) a reculé pour se situer à 8,4 %, contre 8.6 % au 31 mars 2010.

FINANCIAL CONDITION OF THE GOVERNMENT

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), through a statement of recommended practices, suggests a number of financial indicators to assist in the assessment of a government's financial condition. There are no established public sector benchmarks for these indicators. The indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years to facilitate comparisons and assist in the assessment of the Government's financial health in the context of the current economic and financial environment. The recommended indicators are grouped into three categories:

(1) ***Sustainability*** - measures a government's ability to maintain its programs without the need to increase its borrowings,

(2) ***Flexibility*** - how well a government can respond to rising financial commitments by either expanding its revenue or increasing its borrowings,

(3) ***Vulnerability*** - how much a government relies on revenue sources beyond its direct control or influence, both domestic and international.

Source of data and its limitations

The financial indicators in this report use key financial information from the audited summary financial statements. Economic information is obtained from Statistics Canada and the Manitoba Bureau of Statistics. Comparative data presented is not adjusted for inflation. Comparative results are restated to conform to any changes in accounting policy or presentation adopted in the current fiscal year. The financial indicators in this section present the results in the same format as presented in the Public Accounts of Manitoba.

The Government's 2010/11 Financial Condition

This section describes the Government's financial health using the CICA's three categories of sustainability, flexibility, and vulnerability. The section also describes each category and the related

LA SITUATION FINANCIÈRE DU GOUVERNEMENT

Le Conseil sur la comptabilité dans le secteur public de l'Institut canadien des comptables agréés (ICCA) publie un projet d'énoncé de pratiques recommandées dans lequel il suggère divers indicateurs financiers utiles à l'évaluation de la situation financière des gouvernements. Les indicateurs proposés ne sont pas associés à des valeurs de référence pour le secteur public. Ils correspondent plutôt à des ratios ou à des indicateurs de tendance qui dressent le portrait de la situation pendant un nombre donné d'exercices, pour faciliter les comparaisons et aider à l'analyse de l'évaluation de la santé financière du gouvernement dans la conjoncture économique et financière courante. Les indicateurs recommandés sont regroupés dans trois catégories :

(1) La ***viabilité*** - mesure la capacité d'un gouvernement de maintenir ses programmes sans avoir à accroître ses emprunts.

(2) La ***souplesse*** - mesure la capacité d'un gouvernement de faire face à des engagements financiers grandissants en accroissant ses recettes ou en s'endettant davantage.

(3) La ***vulnérabilité*** - mesure le degré de dépendance d'un gouvernement de sources de recettes qui échappent à son pouvoir direct ou à son influence, tant sur le plan national qu'international.

Les sources de données et leurs limites

Les indicateurs financiers présentés dans le présent rapport se fondent sur des données financières clés contenues dans les états financiers sommaires vérifiés. Les données économiques proviennent de Statistique Canada et du Bureau des statistiques du Manitoba. Les données comparatives présentées ne sont pas ajustées en fonction de l'inflation. Par contre, les résultats comparatifs sont ajustés pour tenir compte de la méthode comptable ou de la présentation adoptée au cours de l'exercice financier. Les indicateurs financiers de la présente section montrent les résultats dans le même format que celui des Comptes publics du Manitoba.

La situation financière du gouvernement en 2010-2011

La présente section décrit la santé financière du gouvernement à l'aide de trois catégories de l'ICCA, soit la viabilité, la souplesse et la vulnérabilité. Elle décrit également chacune des catégories et les indicators. For each indicator, it provides trend data for Manitoba and highlights key trends.

Sustainability

As noted above, sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its borrowings or tax burden.

Looking at trends for the following five indicators provides useful insight into the sustainability of a government's revenue-raising and spending practices:

- *Net Debt as a Percentage of Provincial GDP:* the relationship between a government's net debt and the income in the economy,
- *Net Debt-to-Total Annual Revenue:* the extent to which future revenues are required to pay for past transactions or events,
- *Accumulated Deficit-to-Provincial GDP:* the extent to which past and current deficits and surpluses influenced the Government's ability to manage its indebtedness and operational challenges,
- *Annual Net Income (Loss):* the extent to which Government is living within its means, and
- *Annual Net Income (Loss)-to-Provincial GDP:* the extent to which current period results influenced net debt.

Net Debt as a Percentage of Provincial GDP

The Government manages its revenue-raising and spending practices with due regard to the provincial economy. Looking at net debt and provincial GDP provides insights into these practices.

Net debt - the difference between a government's total liabilities and total financial assets - provides a measure of the future revenue required to pay for past transactions and events. Net debt as a percentage of

indicateurs qui y sont associés. Pour chacun des indicateurs, on fournit des données et on souligne les principales tendances de la province.

Viabilité

Comme nous l'avons indiqué plus tôt, les ratios de viabilité mesurent la capacité d'un gouvernement d'assumer les engagements pris dans le cadre de ses programmes et de répondre aux exigences de ses créanciers sans avoir à accroître ses emprunts ou le fardeau fiscal.

L'observation des tendances qui se dégagent des cinq indicateurs suivants permet de se faire une idée concrète de la viabilité des pratiques du gouvernement en matière de dépenses et de production de recettes :

- *la dette nette en pourcentage du PIB provincial :* la relation entre la dette nette d'un gouvernement et les résultats de l'économie;
- *la dette nette en pourcentage des recettes annuelles totales :* la mesure dans laquelle les recettes à venir serviront à payer des opérations ou des événements passés;
- *le déficit accumulé en pourcentage du PIB provincial :* la mesure dans laquelle les déficits passés et actuels et les excédents influent sur la capacité d'un gouvernement de gérer son endettement et les difficultés dans ses activités;
- *les recettes nettes (pertes nettes) annuelles :* la mesure dans laquelle le gouvernement vit selon ses moyens.
- *les recettes nettes (pertes nettes) annuelles en pourcentage du PIB provincial :* la mesure dans laquelle les résultats de la période courante influent sur la dette nette.

La dette nette en pourcentage du PIB provincial

Le gouvernement adapte ses pratiques en matière de dépenses et de production de recettes en fonction de l'économie de la province. Le ratio entre la dette nette et le PIB provincial donne un aperçu des résultats de ces pratiques.

La dette nette, à savoir, le total des passifs du gouvernement moins le total de ses actifs financiers, indique les recettes qui devront être utilisées pour assumer financièrement des opérations ou des

provincial GDP (net debt to GDP ratio) measures the level of future financial obligations placed on the economy by a government's cumulative spending and revenue-raising practices. It provides a measure of how much debt a government is carrying relative to the Province's annual economic output.

Investment in capital improvements and replacement of deteriorating tangible capital assets, such as transportation infrastructure, also result in increased net debt. As the tangible capital investments are acquired, debt is incurred and then costs are amortized over their future useful life, essentially allocating costs to the period over which the assets will be used and over a period in which revenue will be generated. The percentage of net debt attributable to tangible capital investment has increased from 49.1% in 2006/07 to 64.1%, reflecting increased priority placed on renewing publicly funded capital assets and the inclusion of the public school divisions (7.2%).

Graph 1 shows the net debt to GDP ratio at March 31, 2011 was 24.0%, compared to 23.2% in the previous year. A stable or declining net debt per capita is an indication of a stable or decreasing debt burden on a per person basis. The increase in net debt in 2010/11 is primary related to investments in tangible capital assets including an increase in infrastructure spending for economic stimulus. Net debt as a percentage of provincial GDP remains unchanged from 2006/07, however the investment in stimulus infrastructure and the impact of the global downturn has resulted in an increase over 2009/10. The net loss for 2010/11 is partially offset by substantial gains in other comprehensive income (OCI) recorded by the government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have significant impact on the measurement of net debt. OCI is measured as the change in "mark-to-market" valuations, interest rates, and foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

événements antérieurs. La dette nette en pourcentage du PIB provincial (ratio entre la dette nette et le PIB) exprime le niveau d'obligations financières que devra assumer l'économie en raison des pratiques cumulatives en matière de dépenses et de production de recettes. Le pourcentage représente l'ampleur de la dette du gouvernement par rapport aux résultats économiques annuels de la province.

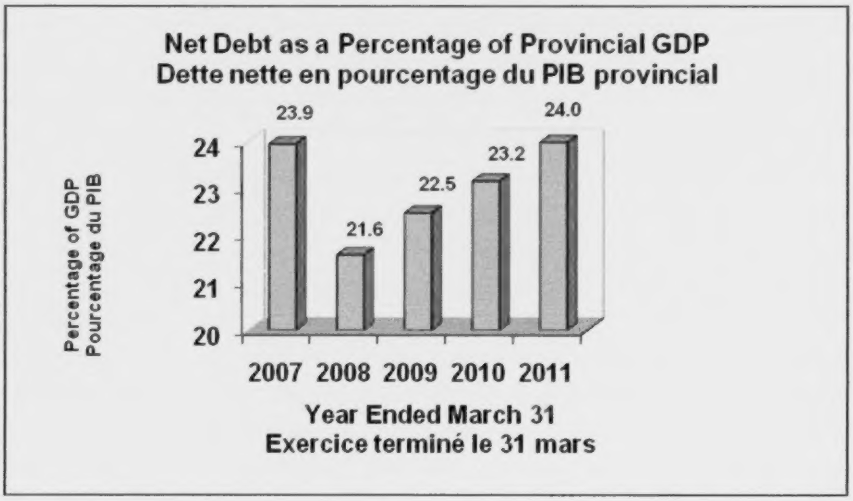
Des investissements dans l'amélioration des immobilisations et dans le renouvellement des immobilisations corporelles sujettes à l'usure, comme les infrastructures de transport, peuvent également accroître la dette nette. Au fur et à mesure que la province acquiert des immobilisations corporelles, elle contracte une dette, et le coût des nouvelles immobilisations est ensuite amorti sur leur vie utile, essentiellement en le passant en charges sur la période pendant laquelle les immobilisations seront utilisées et sur la période pendant laquelle elles produiront des recettes. Le pourcentage de la dette nette attribuable à l'investissement en immobilisations corporelles est passé de 49,1 % en 2006-2007 à 64,1 %, un pourcentage qui traduit la priorité du gouvernement de renouveler les immobilisations publiques, ainsi que l'inclusion des divisions scolaires publiques (7,2 %).

Le Diagramme 1 indique que le ratio entre la dette nette et le PIB était de 24,0 % le 31 mars 2011, alors qu'il était de 23,2 % un an plus tôt. Une dette nette par habitant stable ou en baisse indique que le fardeau de la dette par habitant est également stable ou à la baisse. L'augmentation de la dette nette en 2010-2011 est essentiellement liée aux investissements dans les immobilisations matérielles, y compris des investissements accrus dans l'infrastructure afin de stimuler l'économie. La dette nette en pourcentage du PIB provincial n'a pas changé par rapport au niveau de 2006-2007, mais les investissements de stimulation dans l'infrastructure et les effets du ralentissement économique mondial ont entraîné une augmentation par rapport à 2009-2010. La perte nette pour 2010-2011 a été contrebalancée par des gains importants dans d'autres éléments du résultat étendu des entreprises publiques. Les autres éléments du résultat étendu représentent les gains et pertes non réalisés à un certain moment et peuvent avoir des conséquences importantes sur la mesure de la dette. Les autres éléments du résultat étendu sont mesurés d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'année antérieure.

Growth in GDP per capita must be taken into account to determine capacity to support debt. The GDP is a measure of the value of the goods and services produced in the Province during a given year. The GDP indicates the size of the provincial economy. The provincial economy grew steadily from $45,150 million in 2006/07 to $53,528 million in 2010/11 or by 18.6% during the five year period. During this period, the annual consumer price index fluctuated between 0.6% and 2.3%.

See page 55 for further analytical discussion on net debt.

Graph 1



Net Debt-to-Total Annual Revenue

Net debt is the amount that current and past generations have accumulated through annual losses and tangible capital investment. These amounts remain an obligation for future generations to fund through annual net income and annual amortization or to continue to carry as debt. It results when a government's total liabilities exceed total financial assets. A sustained trend of increasing net debt to total annual revenue would indicate that an increasing amount of time will be needed to eliminate net debt.

La croissance du PIB par habitant doit être prise en compte pour déterminer la capacité d'endettement. Le PIB est une mesure de la valeur des biens et des services produits dans la province au cours d'une année donnée. Il indique la taille de l'économie provinciale. L'économie provinciale a progressé de façon constante, passant de 45 150 millions de dollars en 2006-2007 à 53 528 millions de dollars en 2010-2011, ce qui représente une croissance de 18,6 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 0,6 % et 2,3 %.

Voir la page 55 pour une analyse complémentaire des questions entourant la dette nette.

Diagramme 1

La dette nette en pourcentage des recettes annuelles totales

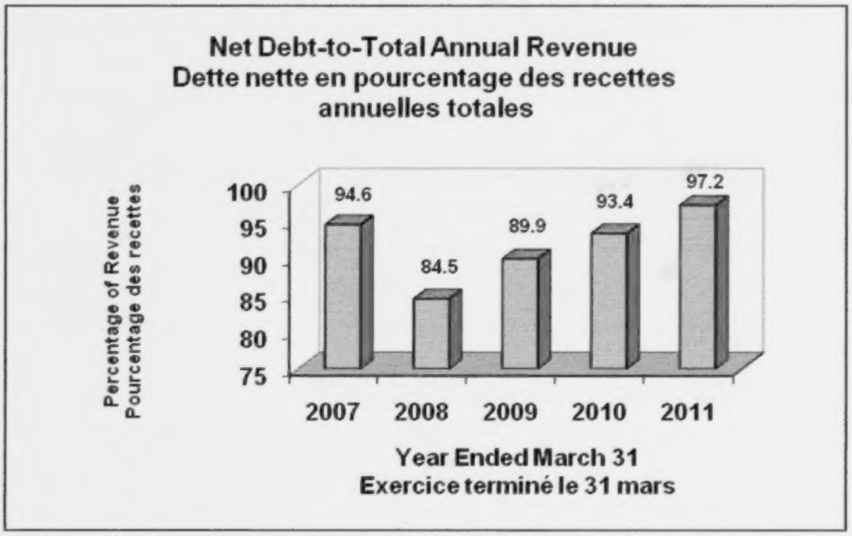
La dette nette correspond à la somme des pertes et des investissements en immobilisations corporelles accumulée d'exercice en exercice par les générations actuelles et passées. Cette somme est une dette que les générations futures doivent continuer à reporter ou financer à même les recettes nettes annuelles et les amortissements annuels. On obtient une dette nette lorsque le total des passifs d'un gouvernement excède le total de ses actifs financiers.Une tendance soutenue à l'augmentation de la dette nette par rapport aux recettes annuelles totales signifierait que de en plus de temps serait nécessaire à l'élimination de la dette nette.

Since 2006/07 the net debt to total annual revenue has increased slightly from 94.6% to 97.2%, reflecting the impact of the economic downturn and increased investments in tangible capital assets, including infrastructure stimulus spending. Graph 2 shows a fairly stable trend in the Government's ability to eliminate net debt. The change over time of the ratio of net debt to total annual revenue resulted from a combination of changes in net debt (see "Net debt and Accumulated Deficit" section on page 55 for annual changes) and a tightening of revenues (see "Revenue" on pages 47-48 for annual changes).

Depuis 2006-2007, le ratio entre la dette nette et les recettes annuelles totales a légèrement augmenté, passant de 94,6 % à 97,2 %, sous l'effet du ralentissement économique et de l'accroissement des investissements dans les immobilisations corporelles, y compris les dépenses de stimulation dans l'infrastructure. Le Diagramme 2 indique une tendance plutôt stable dans la capacité du gouvernement d'éliminer la dette nette. La modification progressive du ratio entre la dette nette et les recettes annuelles totales est due à l'évolution du montant de la dette nette (voir « Dette nette et déficit accumulé » à la page 55 pour connaître les variations annuelles) et au resserement des recettes (voir « Recettes » aux pages 47 - 48 pour connaître les variations annuelles).

Graph 2

Diagramme 2



Accumulated Deficit-to-Provincial GDP

The accumulated deficit is the sum of all annual surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficit includes other comprehensive income, which is excluded from the calculation of the annual net income or loss. Other comprehensive income represents certain unrealized gains and losses on financial instruments reported by GBEs and is consistent with CICA reporting standards. In accordance with recommendations of the Public Sector Accounting Standards Board (PSAB), other comprehensive income (loss) is not included in the Government's annual net operating results, but is

Le déficit accumulé en pourcentage du PIB provincial

Le déficit accumulé est la somme de tous les excédents et déficits accumulés d'exercice en exercice jusqu'à ce jour, obtenue d'après des calculs conformes aux méthodes comptables en vigueur. Le déficit accumulé comprend les autres éléments du résultat étendu, qui sont exclus du calcul des recettes nettes ou des pertes nettes de l'exercice. Les autres éléments du résultat étendu représentent des gains ou des pertes non réalisés sur les instruments financiers enregistrés par les entreprises publiques et sont conformes aux normes de présentation de l'information de l'Institut canadien des comptables agréés (ICCA). Conformément aux recommandations du Conseil sur la comptabilité dans le instead recorded directly to the Province's statement of accumulated deficit. Other comprehensive income for 2010/11 was a positive $169 million (2009/10 - $709 million).

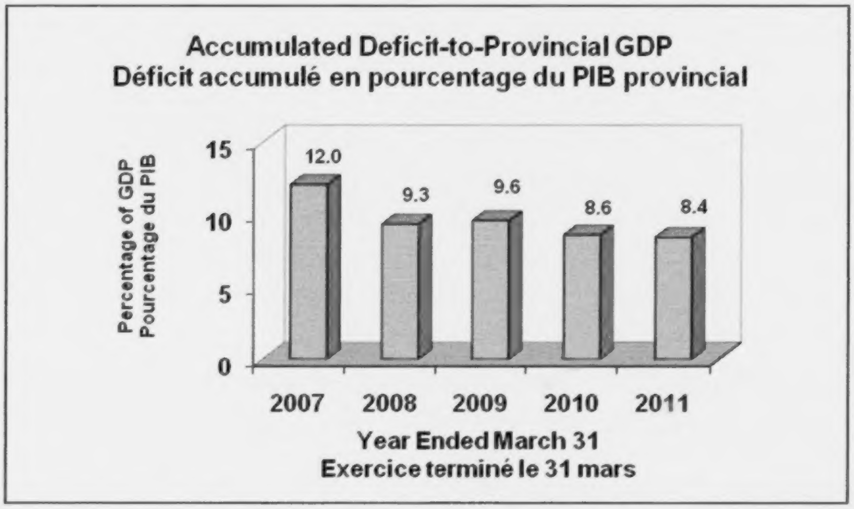
Graph 3 shows that the accumulated deficit-to-Provincial GDP ratio is on a downward trend resulting from a combination of declining accumulated deficits and increasing GDP. The accumulated deficit as at March 31, 2011 decreased $936 million from 2006/07. Part of this reduction results from the inclusion of additional entities into the GRE, primarily the net assets of public school divisions in 2008 ($753 million). This declining trend is an indication that losses and net debt are decreasing over time thus freeing up more funds currently absorbed by interest costs for more productive uses, while at the same time allowing the Province to maintain existing operations.

Graph 3

secteur public (CCSP), les autres éléments du résultat étendu ne sont pas compris dans les résultats nets des activités de l'exercice, mais sont plutôt inscrits directement dans l'état du déficit accumulé de la province. Les autres éléments du résultat étendu en 2010-2011 représentent 169 millions de dollars de gains (contre 709 millions de dollars en 2009-2010).

Le Diagramme 3 montre que le ratio entre le déficit accumulé et le PIB provincial suit une tendance constante à la baisse, en raison du recul du déficit accumulé et de la hausse du PIB. Le déficit accumulé au 31 mars 2011 enregistrait une baisse de 936 millions de dollars par rapport à 2006-2007. Cette baisse découle en partie de l'inclusion d'autres entités dans le périmètre comptable du gouvernement, notamment de l'inclusion des actifs nets des divisions scolaires publiques en 2008 (753 millions de dollars). La tendance à la baisse indique que les pertes et la dette nette diminuent, ce qui permet à la Province de consacrer à des usages productifs des fonds actuellement absorbés par les frais d'intérêt, tout en maintenant ses activités en cours.

Diagramme 3



Annual Net Income (Loss)

The annual Net Income (Loss) shows the extent to which a government generates revenues more or less than its operating expenses in one fiscal year.

Annual net income helps the Government maintain its services and provides an opportunity to lessen its borrowing needs. The annual net loss for the year ended March 31, 2011 was $298 million.

Les recettes nettes (pertes nettes) annuelles

Les recettes (pertes) nettes montrent la mesure dans laquelle le gouvernement génère plus ou moins de recettes que ses dépenses de fonctionnement pendant un exercice financier.

Les recettes nettes annuelles aident le gouvernement à maintenir ses services et à réduire ses besoins en matière d'emprunts. Les pertes nettes de l'exercice qui s'est terminé le 31 mars 2011 s'élevaient à 298 millions de dollars.

See pages 47 - 48 for further analytical discussion on revenues.

Voir les pages 47 - 48 pour une analyse complémentaire des données sur les recettes.

Table 1

Tableau 1

($ millions)/ **(en millions de dollars)**	**2010/11 Actual/ Chiffres réels de 2010-2011**	**2009/10 Actual/ Chiffres réels de 2009-2010**	**2008/09 Actual/ Chiffres réels de 2008-2009**	**2007/08 Actual/ Chiffres réels de 2007-2008**	**2006/07 Actual/ Chiffres réels de 2006-2007**
	$	$	$	$	$
Revenue/Recettes..........................	13,205	12,648	12,765	12,496	11,433
Total expenses/Dépenses totales..	13,503	12,848	12,314	11,938	10,948
Summary Net Income (Loss)/Recettes (pertes) nettes sommaires..................................	(298)	(200)	451	558	485
Annual Net Income (loss) to Provincial GDP/Recettes (pertes) nettes en pourcentage du PIB provincial......................................	(0.6)%	(0.4)%	0.9%	1.1%	1.1%

***Annual Net Income (Loss)-to-Provincial* GDP**

Les recettes nettes (pertes nettes) en pourcentage du PIB provincial

The ratio of Net Income (Loss) to Provincial GDP measures the difference between revenues and expenses expressed as a percentage of GDP.

Like most other provinces and the Government of Canada, with lingering effects from global recession, 2010/11 recorded a loss as shown in Table 1. Table 1 also shows positive results from 2006/07 to 2008/09. This overall trend indicates that the government can meet its financial obligations in a normal fiscal year.

Le ratio entre les recettes nettes et le PIB provincial mesure la différence entre les recettes et les dépenses en pourcentage du PIB.

Comme pour la plupart des autres provinces et pour le gouvernement du Canada, les effets persistants de la récession mondiale se sont traduits par un résultat négatif en 2010-2011, comme le montre le Tableau 1. Le Tableau 1 indique également les résultats positifs obtenus de 2006-2007 à 2008-2009. Cette tendance globale indique que le gouvernement a la capacité d'assumer ses obligations financières pendant les exercices financiers normaux.

See pages 45 and 46 for further analytical discussion on summary results.

Voir les pages 45 et 46 pour une analyse complémentaire des *résultats sommaires*.

Flexibility

Souplesse

Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

La souplesse mesure la capacité d'un gouvernement d'augmenter ses ressources financières pour faire face à des engagements en accroissant ses recettes ou en augmentant sa dette nette.

PSAB has recommended a number of financial indicators that assess a government's flexibility. The following indicators are considered applicable to provide insight into the Manitoba Government's flexibility:

- *Public Debt Charges to Total Revenue:* the extent to which borrowing decisions constrain a government's ability to meet financial and service commitments,
- *Own-source Revenue to Provincial GDP:* the extent to which a government is taking income out of the economy through taxation and user fees,
- *Annual Change to Net Book Value of Tangible Capital Assets:* the extent to which net changes in tangible capital assets affect future service potential; and
- *Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets:* the extent to which the estimated useful lives of the Government's tangible capital assets are available to provide its products and services.

Public Debt Charges to Total Revenue

The amount of public debt charges (interest costs) as a percentage of total revenue shows the extent to which a government must use revenue to pay for interest costs rather than to pay for services. The ratio shows how much of every dollar of a government's revenue is needed to pay interest. A lower ratio of interest costs as a percentage of revenue means a government uses a smaller proportion of its revenue to pay for interest costs. Graph 4 illustrates a downward trend.

Graph 4 shows that in 2006/07, the Government used 6.9 cents of every dollar of its revenue to pay interest. In 2010/11, 5.9 cents of every dollar of revenue was used. Reductions in interest costs relative to increases in revenue have given the Government more resources to provide services.

Le Conseil sur la comptabilité dans le secteur public recommande l'usage de divers indicateurs financiers pour juger de la souplesse du gouvernement. Parmi ceux-ci, on considère que les indicateurs suivants aident à apprécier la souplesse du gouvernement du Manitoba:

- *les frais de la dette publique en pourcentage des recettes totales :* mesure dans laquelle les décisions en matière d'emprunts restreignent la capacité d'un gouvernement de faire face à ses engagements financiers et d'assurer la prestation des services prévus;
- *les recettes autonomes en pourcentage du PIB provincial :* mesure dans laquelle le gouvernement prélève des revenus dans l'économie sous forme d'impôts et de droits d'utilisation;
- *la variation annuelle de la valeur comptable nette des immobilisations corporelles* : mesure dans laquelle la variation nette des immobilisations corporelles touche le potentiel futur de services;
- *la valeur comptable nette des immobilisations corporelles en pourcentage de leur coût* : mesure dans laquelle la vie utile estimative des immobilisations corporelles d'un gouvernement lui permet de fournir des produits et des services.

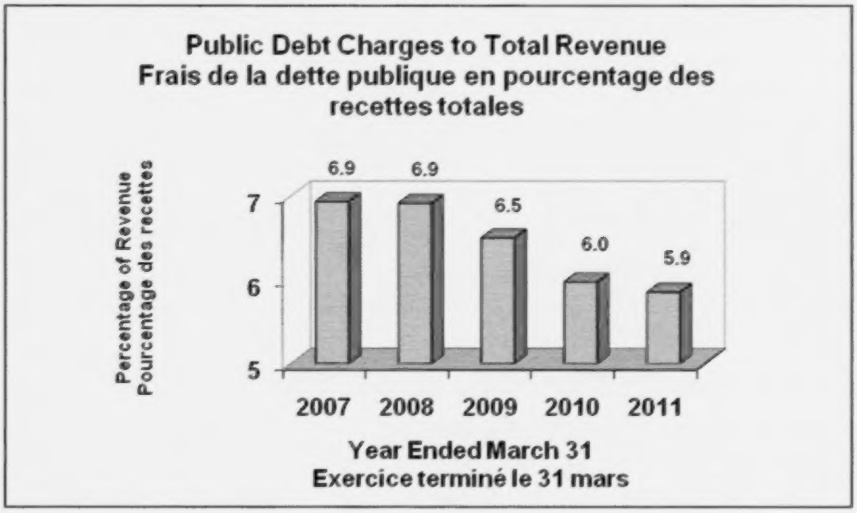
Les frais de la dette publique en pourcentage des recettes totales

La somme des frais de la dette publique (frais d'intérêt) en pourcentage des recettes totales montre la mesure dans laquelle un gouvernement doit utiliser des recettes pour payer des frais d'intérêt plutôt que des services. Le ratio montre la proportion par dollar de recettes du gouvernement qui sert à payer les intérêts. Un faible ratio entre les frais d'intérêt et les recettes indique que le gouvernement consacre une faible part de ses recettes aux frais d'intérêt. Le diagramme 4 montre une tendance à la baisse.

Au diagramme 4, on observe qu'en 2006-2007, le gouvernement utilisait 6,9 cents par dollar de recettes pour assumer les frais d'intérêt. En 2010-2011, il a utilisé 5,9 cents par dollar de recettes pour la même fin. La réduction des frais d'intérêt relative à l'augmentation des recettes a fait en sorte que le gouvernement dispose de plus de ressources qu'avant pour la prestation de services, sans avoir à accroître ses recettes.

Graph 4

Diagramme 4



Own-Source Revenue to Provincial GDP

A government's own-source revenue as a percentage of provincial GDP shows how much revenue from the provincial economy a government can raise through taxation and user fees. High ratios or increases in ratios mean a government is placing higher demands on its provincial economy – indicating that its demands are outpacing growth in the economy.

From 2006/07, the pace of increases in the Government's own-source revenue (i.e., revenue raised from within the Province) has been increasing at varying rates (11.5%, 6.2% and 2.3%) from 2006/07-2008/09 respectively, with a modest decline of 2.2% in 2009/10 and increasing again in 2010/11 by 5.4%. During this same period there have been varying increases in the size of the provincial economy (8.8%, 8.3% and 4.4%) from 2006/07 – 2008/09 respectively, offset by a slight decline of 0.1% in 2009/10, increasing again in 2010/11 by 5.0%. Overall, the Government has not significantly changed its demands on the provincial economy over this time period.

The own-source revenue total does not include the net income from GBEs as these entities operate outside of the Core Government operations, given the semi-autonomous nature of their operations. Their revenues are not derived from taxation or user fees, but from the supply of product or services.

Les recettes autonomes en pourcentage du PIB provincial

Les recettes autonomes en pourcentage du PIB provincial montrent la part de recettes que le gouvernement prélève de l'économie provinciale sous forme d'impôts et de droits d'utilisation. Des ratios élevés ou à la hausse signifient que le gouvernement augmente les pressions qui s'exercent sur l'économie provinciale, indiquant que ses besoins dépassent la croissance de l'économie.

Depuis 2006-2007, le rythme de l'augmentation des recettes autonomes du gouvernement (les recettes provenant de la province même) a varié. Il était de 11,5 %, de 6,2 % et de 2,3 %, respectivement en 2006-2007, 2007-2008 et 2008-2009, avec une petite baisse de 2,2 % en 2009-2010 et une nouvelle hausse de 5,4 % en 2010-2011. Durant la même période, la taille de l'économie provinciale a augmenté de 8,8 %, 8,3 % et 4,4 %, respectivement de 2006-2007 à 2008-2009, avec une petite baisse de 0,1 % en 2009-2010 et une nouvelle augmentation de 5 % en 2010-2011. Dans l'ensemble, le gouvernement n'a pas modifié de façon importante ses pressions sur l'économie provinciale pendant la période.

Les recettes autonomes totales ne comprennent pas les bénéfices nets des entreprises publiques étant donné leur nature semi-autonome et le fait que les opérations de ces entités sont exclues des opérations fondamentales du gouvernement. Leurs recettes ne proviennent pas d'impôts ou de droits d'utilisation, mais de l'offre de produits ou de services.

Graph 5 shows the relationship between the ratios of own-source revenue to Provincial GDP. GDP increased from $45,150 million in 2006/07 to $53,528 million in 2010/11 or 18.6%. The rate of own–source revenues remained stable in relation to the economy from 16.6% of GDP in 2006/07 to 15.7% in 2010/11. Own-source revenues increased by $431 million or 5.4% from $7,952 million in 2009/10 to $8,383 million in 2010/11. The main contributors to the increase are as follows:

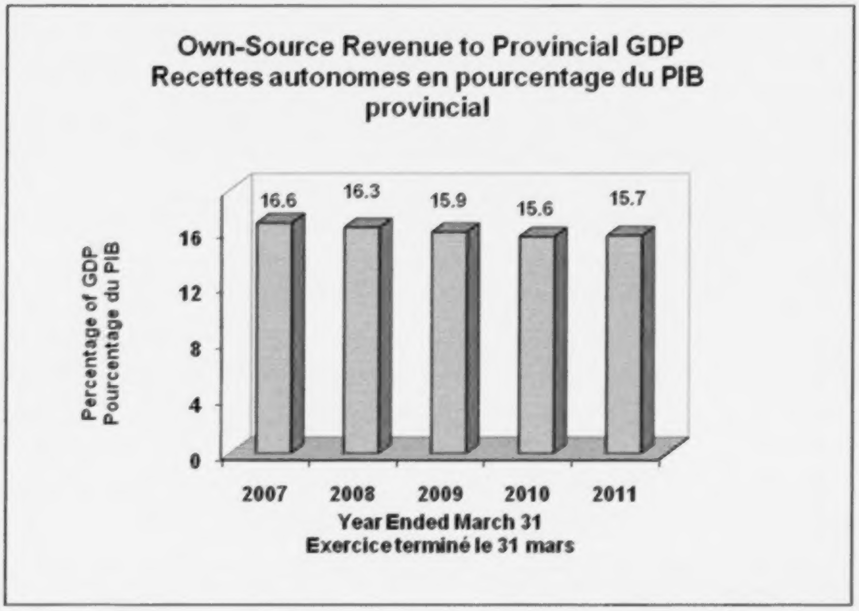
- Revenue from income taxes increased by $263 million, or 9.9%,
- Revenue from other taxes increased $125 million, or 3.8%, and
- Revenue from fees and other revenues increased by $33 million, or 1.8%, and

Graph 5

Le diagramme 5 montre la relation entre les ratios des recettes autonomes par rapport au PIB provincial. Le PIB est passé de 45 150 millions de dollars en 2006-2007 à 53 528 millions de dollars en 2010-2011, enregistrant un bond de 18,6 %. Le taux des recettes autonomes est demeuré stable par rapport à l'économie. Il est passé de 16,6 % du PIB en 2006-2007 à 15,7 % en 2010-2011. Les recettes autonomes ont augmenté de 431 millions de dollars ou 5,4%, passant de 7 952 millions de dollars en 2009-2010 à 8 383 millions de dollars en 2010-2011. Les principaux facteurs de l'augmentation sont les suivants :

- l'impôts sur le revenu sont accrues de 263 millions de dollars, ou 9,9 %;
- les recettes tirées d'autres taxes et impôts se sont accrues de 125 millions de dollars, ou 3,8 %;
- les droits perçus et autres recettes se sont accrus de 33 millions de dollars, ou 1,8 %;

Diagramme 5



Annual Change to Net Book Value of Tangible Capital Assets

Tangible capital assets (TCAs) such as buildings, equipment, roads, and dams are essential for the economy and for delivering government services.

The annual percentage change in the net book value of tangible capital assets measures the extent to which a government is maintaining or failing to maintain the tangible capital assets it needs to deliver its services. An increase means a government has spent more on these assets than it has reduced their value because of age and use (commonly called amortization or depreciation).

Continual increases in the net book value of tangible capital assets may indicate that a government is maintaining or enhancing its tangible capital asset base which may lead to lower future maintenance or replacement costs because of decreased deterioration. As such, investing in TCAs can result in better financial results in future periods, which will not adversely influence service delivery and lead to decreased financial burdens on taxpayers in the future.

Recognizing the growing infrastructure needs in various sectors and the need to stimulate the economy, the Government is investing in public capital assets such as new or renewed hospitals, universities and colleges, the Red River Floodway Expansion project and Manitoba's highway system. In 2010/11, $1,361 million was invested on new tangible capital assets, $15 million of existing tangible capital assets were either disposed of or written down to correctly reflect their value, and the net book value of all tangible capital assets was reduced by $438 million to account for annual amortization. The Government held significant tangible capital assets with a net book value of over $8,233 million at March 31, 2011.

See pages 57 - 59 for further analytical discussion on tangible capital assets.

La variation annuelle de la valeur comptable nette des immobilisations corporelles

Les immobilisations corporelles, comme les immeubles, l'équipement, les routes et les barrages, sont essentielles à l'économie et à la prestation des services publics.

La variation annuelle en pourcentage de la valeur comptable nette des immobilisations corporelles indique la mesure dans laquelle un gouvernement entretient ou omet d'entretenir les immobilisations corporelles dont il a besoin pour fournir ses services. Une hausse signifie que le gouvernement a investi plus dans ses actifs que la valeur perdue par ceux-ci en raison de l'âge et de l'usure (appelée communément amortissement ou dépréciation).

La hausse continuelle de la valeur comptable nette des immobilisations corporelles peut indiquer qu'un gouvernement entretient ou améliore l'ensemble de ces immobilisations, mais peut entraîner aussi une réduction des coûts d'entretien et de remplacement en raison d'une détérioration moindre. Ainsi, le fait d'investir dans l'entretien des immobilisations peut mener à de meilleurs résultats financiers dans l'avenir, ce qui ne nuit pas à la prestation des services en plus d'entraîner une réduction du fardeau financier des contribuables.

Étant conscient des besoins croissants en matière d'infrastructure dans divers secteurs ainsi que de la nécessité de stimuler l'économie, le gouvernement investit dans des immobilisations publiques à venir ou existantes comme des hôpitaux, des universités et des collèges, le Projet d'agrandissement du canal de dérivation de la rivière Rouge et le réseau routier du Manitoba. En 2010-2011, on a investi 1 361 millions de dollars dans de nouvelles acquisitions d'immobilisations corporelles, déduit 15 millions de dollars des immobilisations corporelles existantes pour les rendre plus conformes à leur valeur réelle, et réduit de 438 millions de dollars la valeur comptable nette de toutes les immobilisations corporelles de façon à tenir compte de l'amortissement annuel. La valeur réelle nette des immobilisations corporelles du gouvernement s'élevait à plus de 8 233 millions de dollars le 31 mars 2011.

Voir les pages 57 à 59 pour une analyse complémentaire des données sur les immobilisations corporelles.

Net Book Value of Tangible Capital Assets-to-Cost of Tangible Capital Assets

The ratio of the net book value of tangible capital assets to the cost of tangible capital assets is important because it illustrates the relationship of the estimated useful life of government assets that is available to provide future service.

Graph 6 shows that the Government has been consistent in its management of capital to deliver services. The annual total tangible capital cost increased $1,307 million from $12,925 million in 2009/10 to $14,232 million in 2010/11. The total cost of assets under construction, including infrastructure, as at March 31, 2011 is $1,518 million (2009/10-$1,191 million). Assets under construction are not depreciated (amortized) until they are put into service. The $1,518 million includes spending of $849 million in buildings and leasehold improvements and $669 million for infrastructure projects such as the Red River Floodway Expansion Project, road grading and surfacing and a number of bridge and structure projects. (See pages 57 - 59 for further analysis and discussion on tangible capital assets).

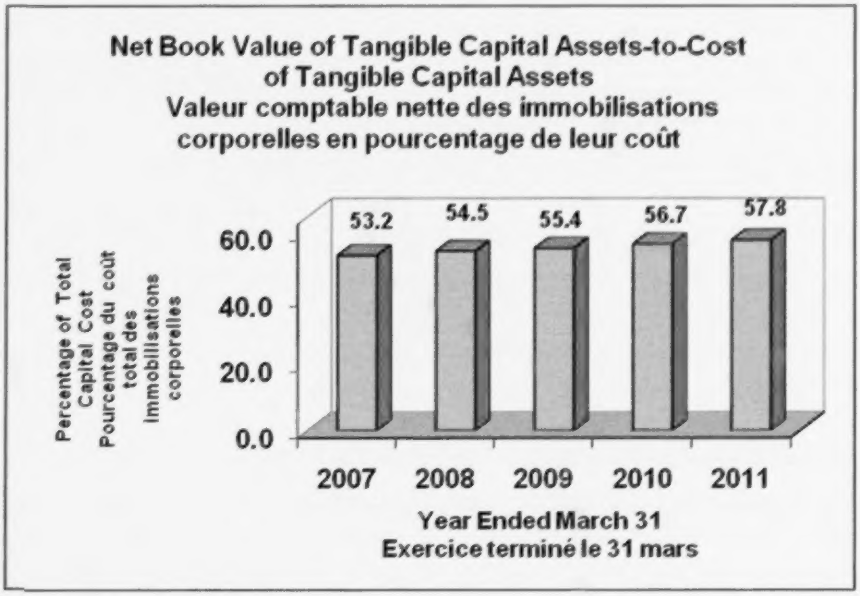
Graph 6

La valeur comptable nette des immobilisations corporelles en pourcentage de leur coût

Le ratio entre la valeur comptable nette des immobilisations corporelles et leur coût est très utile, car il est associé à la vie utile estimative des immobilisations corporelles dont le gouvernement disposera pour fournir des produits et des services.

Le Diagramme 6 montre que le gouvernement a géré de façon cohérente les immobilisations qu'il possède pour assurer ses services. Le coût annuel total des immobilisations corporelles a augmenté de 1 307 millions de dollars, passant de 12 925 millions de dollars en 2009-2010 à 14 232 millions de dollars en 2010-2011. Le coût total des actifs en chantier le 31 mars 2011, y compris l'infrastructure, s'élevait à 1 518 millions de dollars (1 191 millions de dollars en 2009-2010). Les actifs en chantier ne sont pas amortis avant leur mise en service. Ce montant comprend des dépenses de 849 millions de dollars affectées aux améliorations immobilières et locatives, et 669 millions de dollars consentis à des projets d'infrastructure comme le Projet d'expansion du canal de dérivation de la rivière Rouge, le nivelage et le pavage des routes et un certain nombre de ponts et autres structures (voir les pages 57 à 59 pour une analyse complémentaire des données sur les immobilisations corporelles).

Diagramme 6



Vulnerability

Vulnerability is the degree to which a government is dependent upon, and therefore, vulnerable to sources of revenue outside of its direct control or influence. A high degree of dependency may indicate a government is reliant on outside sources of financing to deliver programs and services at the current level and quality. However, outside sources of financing when applied to capital projects and other one-time or non-operational programs may not materially increase a government's revenue vulnerability.

Recommended indicators for providing insight into the Government's vulnerability include:

- *Federal Transfers to Own-Source Revenue,*
- *Federal Transfers to Total Revenues, and*
- *Foreign Currency Debt to Net Debt.*

Revenue from Federal Government Transfers

In Manitoba, transfers from the Government of Canada are a significant source of revenue for the Provincial Government, accounting for about 30.6 per cent of total summary provincial revenues in 2010/11. As a result, the Province's fiscal position is somewhat vulnerable, at least in the short term, to material reductions in federal transfers.

Major federal transfers include Equalization (an unconditional grant to receiving provinces), the Canada Health Transfer (a block transfer in support of health care services) and the Canada Social Transfer (a block transfer in support of post-secondary education, social assistance and social services, including early childhood development and early learning and child care).

The Equalization Program is the Government of Canada main transfer program for addressing fiscal disparities (differences in revenue-raising capacity) amoung provinces. It was entrenched in Canada's Constitution in 1982. Equalization payments are intended to make it

Vulnérabilité

La vulnérabilité correspond au degré d'autonomie du gouvernement, et donc de vulnérabilité, par rapport aux sources de recettes qui ne dépendent pas directement de lui ni de son influence. Un degré de dépendance élevé peut indiquer qu'un gouvernement compte sur des sources de financement externes pour offrir la même gamme et qualité de programmes et services. Cependant, des sources extérieures de financement affectées aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement la vulnérabilité d'un gouvernement envers les sources de revenu.

Les indicateurs recommandés pour apprécier la vulnérabilité du gouvernement comprennent :

- *les transferts fédéraux en pourcentage des recettes autonomes;*
- *les transferts fédéraux en pourcentage des recettes totales;*
- *la dette en devises en pourcentage de la dette nette.*

Les recettes provenant des transferts du gouvernement fédéral

Au Manitoba, les transferts du gouvernement du Canada demeurent une source de revenu importante pour le gouvernement provincial, car ils correspondent à environ 30,6 % du total des recettes sommaires de la Province en 2010-2011. La situation financière de la Province se retrouve donc, dans une certaine mesure, à la merci des réductions des transferts fédéraux, à court terme du moins.

Les principaux transferts fédéraux comprennent les Transferts de péréquation (une subvention inconditionnelle aux provinces bénéficiaires), le Transfert canadien en matière de santé (un transfert global visant le financement des soins de santé) et le Transfert canadien en matière de programmes sociaux (financement global pour les études postsecondaires, l'aide sociale et les services sociaux, y compris le développement, l'apprentissage et la garde des jeunes enfants).

Le Programme de péréquation est le principal programme de transfert du gouvernement canadien conçu pour aplanir les disparités fiscales (les différences dans la capacité des provinces de générer des revenus) entre les provinces. Il a été inscrit dans la Constitution

possible for receiving provinces to provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation.

Since 2007, provincial fiscal capacity under the Program is based on the average fiscal capacity of all 10 provinces and measured using five standardized revenue bases - personal income tax, business income tax, consumption tax, property tax and 50 per cent of natural resource revenues. The payment calculated uses a weighted three-year rolling average of fiscal capacity, lagged two years.

The Government of Canada changed the Program in 2008 to limit growth in total payments to growth in the national economy as measured by a three-year moving average of nominal gross domestic product. The growth path also acts as a floor to protect provinces from reductions in overall Equalization.

Manitoba received $2.001 billion in Equalization in 2010/11, including $175.5 million in federal Total Transfer Protection Payments. Equalization accounted for about 15 per cent of total 2010/11 summary provincial revenues.

The Canada Health Transfer (CHT) and Canada Social Transfer (CST) are set in legislation up to 2013/14 and, together with their respective 6 and 3 per cent annual automatic escalators, help ensure stable and predictable federal support over the medium-term. Total CHT support is allocated using a formula that takes into account population and the value of transferred tax points while the CST has been allocated on an equal per capita cash basis since 2007/08.

Manitoba received $1,365 million in combined CHT and CST revenues in 2010/11, or about 10 per cent of total provincial summary revenues. Increases in annual CHT support reflect the 10-Year Plan to Strengthen Health Care agreement, signed by all First Ministers in 2004, that resulted in $41 billion in new federal funding over 10 years (2004/05 to 2013/14).

du Canada en 1982. L'objectif des paiements de péréquation est de permettre aux gouvernements provinciaux bénéficiaires de fournir à leurs résidents des services publics sensiblement comparables à ceux offerts dans d'autres provinces à des taux d'imposition sensiblement comparables.

Depuis 2007, la capacité fiscale de la province, en vertu du Programme, est évaluée en fonction de la capacité fiscale moyenne des dix provinces et de cinq sources normalisées de revenus, soit les impôts sur le revenu des particuliers, les impôts sur le revenu des sociétés, les taxes à la consommation, les impôts fonciers et 50 % des revenus des ressources naturelles. Les paiements de péréquation s'appuient sur une moyenne pondérée mobile de trois ans de la capacité fiscale des provinces, décalée de deux ans.

Le gouvernement canadien a apporté des réformes au Programme en 2008 de façon à ce que les paiements pour l'ensemble du programme augmentent en fonction de l'économie nationale. Cette augmentation est fondée sur la moyenne mobile de croissance du produit intérieur brut nominal sur trois ans. La structure de croissance permet de protéger les provinces contre une réduction globale de la péréquation.

En 2010-2011, le Manitoba a reçu 2,001 milliards de dollars en paiements de péréquation, dont 175,5 millions de dollars en paiements de protection sur les transferts fédéraux totaux. Les paiements de péréquation représentaient environ 15 % du total des recettes sommaires en 2010-2011.

Le Transfert canadien en matière de santé (TCS) et le Transfert canadien en matière de programmes sociaux (TCPS) sont inscrits dans la loi jusqu'en 2013-2014. Leurs niveaux, qui augmenteront au moyen des facteurs de progression annuelle de 6 % et de 3 % respectivement, aident à garantir un appui fédéral stable et prévisible à moyen terme. Les paiements de transfert du TCS sont alloués selon un montant égal par habitant et comprennent la valeur des transferts et de points d'impôts, tandis que le TCPS est calculé selon un montant égal par habitant depuis 2007-2008.

En 2010-2011, le Manitoba a reçu 1,365 millions de dollars en paiements combinés du TCS et du TCPS, ce qui représentait environ 10 % du total des recettes sommaires provinciales. Les augmentations du financement annuel du TCS reflètent les dispositions du Plan décennal pour consolider les soins de santé, adopté par les premiers ministres en septembre 2004, par lequel le gouvernement fédéral s'est engagé à verser 41 milliards de dollars en nouveaux fonds aux provinces et aux territoires pendant une période de dix ans (de 2004-2005 à 2013-2014).

Long-term and growing federal support through the CHT and CST contributes to national objectives by helping ensure provinces and territories have the resources they need to provide essential services in areas such as health care, post-secondary education (PSE), child programming and social services.

The current outlook for transfers from the Government of Canada is based on existing federal-provincial-territorial funding arrangements. While the Province has no direct control over the amount it receives each year, it does have some opportunity to influence the framework and direction of fiscal transfers through consultations with the Government of Canada.

See page 47 for a review of federal transfers from 2006/07 to 2010/11.

Federal Transfers to Own-Source Revenue

Federal transfers as a percentage of own-source revenue measures the extent to which a province raises its own revenue from within the Province as compared to the amount it receives money from the Government of Canada. A high percentage may indicate a provincial government relies a great deal on federal transfers to operate. However, where federal funds are applied to capital projects, one-time programs or used for other non-operational purposes, reliance may not be substantially increased.

An increase in a province's own-source revenue generally makes it less vulnerable to unanticipated changes in levels of federal transfers. It also enhances its ability to fund provincial programs, invest in infrastructure, and to continue to fully fund programs initiated with federal one-time transfers once federal funding has ceased. It should be noted that the ratio of federal transfers to own-source revenue may vary from year to year as a result of increases or decreases in a government's own-source revenue.

Federal transfers as a percentage of Manitoba's own-source revenue have remained generally constant over the last five years. Transfers increased in 2010/11 by $123 million, made up of $63 million in increased

Le soutien croissant et à long terme du gouvernement fédéral dans le cadre du TCS et du TCPS va dans le sens des objectifs nationaux en aidant les provinces et les territoires à obtenir les ressources qu'il leur faut pour assurer des services essentiels dans des domaines tels que les soins de santé, l'enseignement postsecondaire, les programmes destinés aux enfants et les services sociaux.

Les perspectives actuelles d'évolution des transferts du gouvernement canadien sont fondées sur les modalités du financement fédéral-provincial-territorial existantes. Bien que la Province n'exerce pas de contrôle direct sur le montant qu'elle reçoit chaque année, elle a tout de même une certaine influence sur les grandes lignes et l'orientation des transferts fiscaux dans le cadre de ses consultations avec le gouvernement du Canada.

Voir la page 47 pour une analyse des transferts fédéraux de 2006-2007 à 2010-2011.

Les transferts fédéraux en pourcentage des recettes autonomes

Le ratio entre les transferts fédéraux et les recettes autonomes établit le rapport entre les fonds versés par le gouvernement du Canada et la mesure dans laquelle le gouvernement provincial génère ses propres recettes dans la province. Un pourcentage élevé peut indiquer que le gouvernement provincial dépend beaucoup des transferts fédéraux pour mener ses activités. Cependant, les fonds fédéraux affectés aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement cette dépendance de façon significative.

Une augmentation des recettes autonomes de la Province la rend habituellement moins vulnérable aux changements imprévus touchant les niveaux de transferts fédéraux. Elle augmente aussi sa capacité de financer les programmes provinciaux, d'investir dans l'infrastructure et de continuer à financer pleinement les programmes lancés grâce à des transferts fédéraux non récurrents lorsque le financement fédéral prend fin. . Il convient de noter que le ratio entre les transferts fédéraux et les recettes autonomes peut varier d'un exercice à l'autre à la suite de l'augmentation ou de la diminution des recettes autonomes du gouvernement.

Le montant des transferts fédéraux en pourcentage des recettes autonomes du Manitoba est demeuré généralement stable au cours des cinq demiéres années. Les transferts ont augmenté de 123 millions de

Canada Health and Social Transfers, decreased Equalization of $62 million and an increase of $122 million from shared cost agreements. Shared cost agreements included $17 million related to the Red River Floodway Expansion project and new programs, such as the infrastructure renewal funding in the amount of $129 million.

See pages 45 - 48 for an analysis of own-source revenues.

Federal Transfers to Total Revenues

The ratio of federal transfers to total revenue indicates the vulnerability of provinces to changes in transfer support from the Government of Canada.

As can be seen from Graph 7, the ratio of federal transfers to total provincial revenue remained fairly constant from 2006/07 to 2010/11, demonstrating that Manitoba's vulnerability to changes in Federal transfer support has not materially changed over the past five years.

Graph 7

dollars en 2010-2011, selon la combinaison suivante : 63 millions de dollars en plus en transferts canadiens en matière de santé et de programmes sociaux, une hausse de 122 millions de dollars en vertu d'ententes relatives aux frais partagés, et une diminution de 62 millions de dollars des paiements de péréquation. Les ententes relatives aux frais partagés comprenaient 17 millions de dollars pour le Projet d'agrandissement du canal de dérivation de la rivière Rouge et de nouveaux programmes, comme le financement des travaux d'infrastructure, s'élevant à 129 millions de dollars.

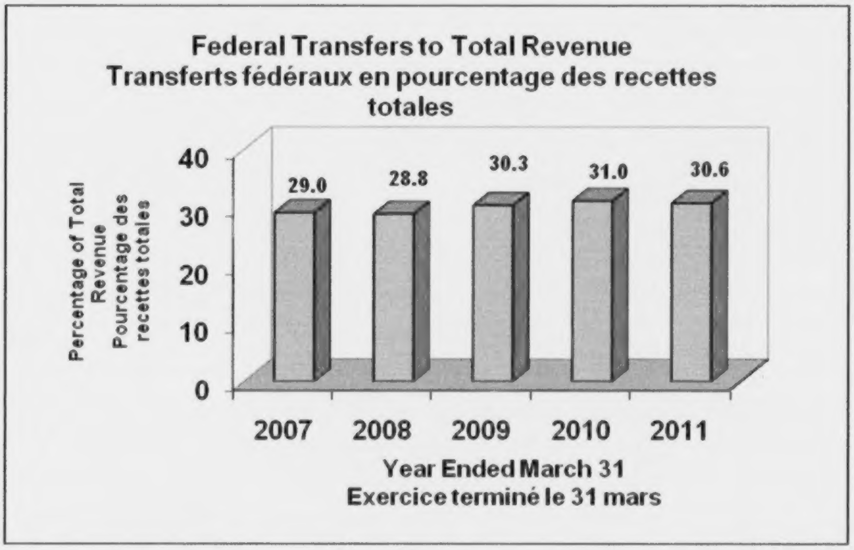
Voir les pages 45 - 48 pour une analyse complémentaire des données sur les recettes autonomes.

Les transferts fédéraux en pourcentage des recettes totales

Le ratio entre les transferts fédéraux et les recettes totales indique la vulnérabilité des provinces aux variations dans les transferts en provenance du gouvernement du Canada.

Comme on peut le voir sur le Diagramme 7, le ratio entre les transferts fédéraux et le total des recettes provinciales est resté relativement stable entre 2006-2007 à 2010-2011. Cela montre que la vulnérabilité du Manitoba par rapport aux changements relatifs aux transferts fédéraux n'a guère varié depuis cinq ans.

Diagramme 7



Foreign Currency Debt-to-Net Debt

The ratio of foreign currency debt to net debt for 2010/11 is zero because the foreign exchange risk is considered to be fully hedged through the use of derivative instruments such as swaps, forward foreign exchange contracts, as well as future U.S. dollar revenue streams and U.S. dollar sinking funds. In 1999, foreign currency exposure was approximately 19% of the core Government debt. The amount of foreign currency debt outstanding at March 31, 2011 is $6,172 million (2010 - $6,194 million), both of which were fully hedged. Decreasing the ratio of foreign currency debt to net Government debt through hedging activities mitigates the risk of debt servicing costs rising due to changes in foreign currency rates and improves the Province's financial position.

La dette en devises en pourcentage de la dette nette

Le ratio entre la dette en devises et la dette nette pour 2010-2011 est fixé à zéro, car le risque de change est considéré comme entièrement couvert par l'usage d'instruments dérivés, comme les swaps, les contrats de change à terme, ainsi que par les flux de rentrées de dollars US à venir et les fonds d'amortissement en dollars US. En 1999, le risque de change représentait environ 19 % de la dette générale du gouvernement. Le montant de la dette en devises au 31 mars 2011 était de 6 172 millions de dollars, contre 6 194 millions de dollars en 2010, et le risque était complètement couvert les deux exercices. La diminution du ratio entre la dette en devises et la dette nette du gouvernement grâce aux activités de couverture atténue le risque d'une hausse des frais de service de la dette en raison des variations dans le cours de monnaies et améliore la situation financière de la province.

RISKS AND UNCERTAINTIES

The Government's main exposure to risks and uncertainties arises from variables which it does not directly control. These include:

- Economic factors such as commodity prices, personal income, retail sales, and population growth,
- Adverse events or unusual weather patterns that can influence overall annual results,
- Outcomes from litigation, arbitration and negotiations with third parties,
- Changes in federal transfers,
- Utilization rates for Government services such as health care, children and family services, or employment assistance,
- Exposure to interest rate fluctuations, foreign exchange rates and credit risk,
- Changes in Canadian and International accounting standards,
- Identification and quantification of environmental liabilities,
- Volatility of results including amounts consolidated from other reporting entities.

LES RISQUES ET LES INCERTITUDES

La principale exposition du gouvernement aux risques et aux incertitudes résulte de variables qui ne dépendent pas directement de lui. Ces variables sont entre autres :

- des facteurs économiques, comme le cours des matières premières, le revenu des particuliers, les ventes au détail et l'expansion de la population;
- des événements néfastes ou des régimes climatiques inhabituels qui peuvent influer sur les résultats annuels d'ensemble;
- les résultats de procès, d'arbitrages ou de négociations avec des tiers;
- les modifications des transferts fédéraux;
- les taux d'utilisation des services du gouvernement, comme les soins de santé, les services à l'enfant et à la famille et l'aide à l'emploi;
- l'exposition aux fluctuations des taux d'intérêt, aux taux de change et au risque de crédit;
- les modifications des principes comptables au Canada et à l'échelle internationale;
- la détermination et la quantification du passif environnemental;
- la volatilité des résultats, y compris les résultats consolidés d'autres entités comptables.

VARIANCE ANALYSIS AND ASSESSMENT OF SIGNIFICANT TRENDS/ ANALYSE DES ÉCARTS ET DES PRINCIPALES TENDANCES

Summary Net Income (Loss)/
Recettes (pertes) nettes sommaires

($ millions)/ **(en millions de dollars)**				Variance/Écart	
Revenue and Expense Items/ Éléments des recettes et des dépenses	**2010/11** Budget/ Budget de 2010-2011	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2010/11** vs **2009/10/** Chiffres réels de 2010-2011 et de 2009-2010	**2010/11** Actual to Budget/ Chiffres réels et budget de 2010-2011
	$	$	$	$	$
Revenue/Recettes					
Income Taxes/Impôts....................	2,667	2,922	2,659	263	255
Other Taxes/Autres taxes...............	3,385	3,406	3,281	125	21
Fees and Other Revenue/Droits et autres recettes............................	1,635	1,825	1,792	33	190
Sinking Funds and Other Earnings/ Fonds d'amortissement et autres revenus......................................	208	230	220	10	22
Total Own-Source Revenue/Total des recettes autonomes.................	7,895	8,383	7,952	431	488
Government Business Enterprises/ Entreprises publiques....................	699	775	772	3	76
Federal Government Transfers/ Transferts fédéraux......................	4,125	4,047	3,924	123	(78)
Total revenue/ Recettes totales.........................	**12,719**	**13,205**	**12,648**	**557**	**486**
Expenses/Dépenses					
Health and Healthy Living /Santé et Vie saine.......................................	5,085	5,120	4,831	289	35
Education/Éducation.....................	3,419	3,341	3,227	114	(78)
Family Services and Consumer Affairs/ Services à la famille et Consommation..............................	1,326	1,363	1,295	68	37
Community, Economic and Resource Development/ Développement des communautés, de l'économie et des ressources......	1,819	1,972	1,813	159	153
Justice and Other Expenditures/ Justice et autres dépenses.............	848	934	926	8	86
Debt Servicing/Service de la dette...	767	773	756	17	6
Total expenses/ Dépenses totales........................	**13,264**	**13,503**	**12,848**	**655**	**239**
Summary Net Income (Loss) /Recettes (pertes) nettes sommaires.................................	**(545)**	**(298)**	**(200)**	**(98)**	**247**

The summary net income is the net financial result of the year's operations. The Government ended the year with a net loss of $298 million, which is $247 million lower than the budgeted net loss of $545 million. In 2010/11, total revenues were $13,205 million and total expenses were $13,503 million.

The most significant factors that impacted changes in summary results from budget were:

- An increase of $76 million in the net income from GBEs primarily due to better than anticipated results from Manitoba Liquor Control Commission and Manitoba Lotteries Corporation,
- Increased income taxes of $255 million primarily resulting from a recovery from the 2009/10 weakness in the economy,
- Increases in fees and other revenue of $190 million, primarily the result of higher than forecast third party fees recovered by Crown organizations,
- Decreased Federal transfers of $78 million primarily related to the timing of shared cost programs,
- Increased sinking fund and other investment earnings of $22 million, and
- Expenses in general are up due to increasing demands on resources.

Additional variance analysis on the changes in revenues and expenses between 2010/11 and 2009/10 is included in later sections of this report.

Les recettes nettes sommaires sont le résultat financier net des opérations de l'exercice. À la fin de l'exercice, le gouvernement affichait une perte nette de 298 millions de dollars, soit 247 millions de dollars de moins que les pertes nettes de 545 millions de dollars prévues au Budget. En 2010-2011, les recettes totales ont atteint 13 205 millions de dollars, et les dépenses totales se sont élevées à 13 503 millions de dollars.

Les principaux facteurs de l'écart entre les résultats sommaires et les prévisions sont les suivants :

- une augmentation de 76 millions de dollars du bénéfice net des entreprises publiques, essentiellement attribuable aux résultats meilleurs que prévus de la Société des alcools du Manitoba et de la Corporation manitobaine des loteries;
- une hausse des recettes d'impôts de 255 millions de dollars, résultant principalement d'un redressement après une économie faible en 2009-2010.
- les augmentations de 190 millions de dollars des droits et autres recettes, principalement attribuables aux droits de tiers plus élevés que prévus recouverts par des organisations de la Couronne,
- la diminution de 78 millions de dollars des transferts fédéraux, principalement liée au calendrier des programmes à frais partagés.
- une diminution au chapitre des fonds d'amortissement et autres revenus de l'ordre de 22 millions de dollars;
- une hausse des dépenses en général étant donné la demande accrue de ressources.

D'autres analyses des écarts concernant la variation des recettes et des dépenses de 2010-2011 et de 2009-2010 sont présentées plus loin dans le présent rapport.

Revenue

Revenue trend analysis provides users with information about significant changes in revenue over time and between sources, enabling users to evaluate past performance and assess potential implications for the future.

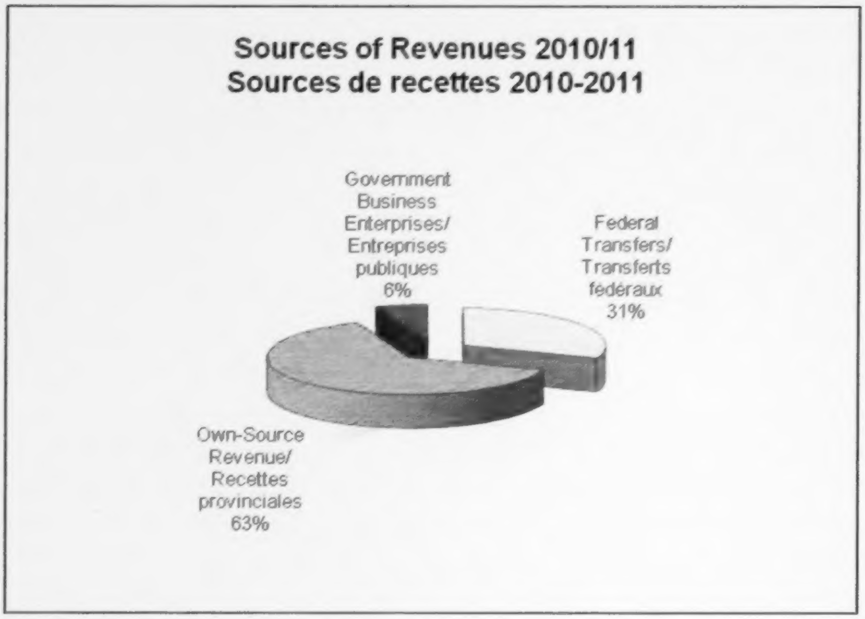
Recettes

L'analyse de la tendance des recettes renseigne les lecteurs sur les principales variations dans les recettes selon les exercices et les sources, et leur permet d'évaluer la performance passée et les possibles implications dans l'avenir.

($ millions)/ (en millions de dollars) **Revenue Source/ Source de recettes**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	**2006/07** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Income taxes/Impôts.................	2,922	2,659	2,841	2,652	2,441
Retail sales tax/ Taxe sur les ventes au détail.......	1,618	1,570	1,569	1,473	1,357
Education property tax/ Impôts fonciers en matière d'éducation............................	690	668	657	646	643
Mining and other taxes/ Taxe minière et autres taxes............	573	524	536	580	570
Levy for health and education/Impôt destiné à l'enseignement et aux services de santé..............................	269	264	261	341	318
Fuel taxes/Taxes sur les carburants............................	256	255	253	248	241
Fees and other revenue/Droits et autres recettes.....................	1,825	1,792	1,722	1,628	1,493
Sinking fund and other investment earnings/Fonds d'amortissement et autres revenus de placement...............	230	220	296	384	423
Net income from government business enterprises/Recettes nettes des entreprises publiques............................	775	772	764	947	627
Federal transfers/Transferts fédéraux...............................	4,047	3,924	3,866	3,597	3,320
Total Revenue/ Recettes totales...............................	**13,205**	**12,648**	**12,765**	**12,496**	**11,433**

The Government's main revenue sources for 2010/11 are identified in the following chart.

Les principales sources de recettes du gouvernement pour 2010-2011 figurent dans le diagramme qui suit.


Sources of Revenues 2010/11
Sources de recettes 2010-2011

Total revenue in 2010/11 was $13,205 million, an increase of 4.4% from 2009/10, as a result of the following:

- Income taxes were $263 million (9.9%) higher due to a recovery from the 2009/10 overall economic weakness,
- Retail sales tax revenue increased $48 million (3.1%) on improvements to the provincial economy
- Fees and other revenue increased by $33 million (1.8%) due to increases in third party recoveries by Crown organizations resulting from increased program activity, and
- Federal transfers were $123 million (3.1%) higher resulting from increases in Canada Health Transfers ($63 million), declines in equalization ($62 million) and increases in shared cost revenue ($122 million).

The revenue to GDP ratio at March 31, 2011 was 24.7%, down 0.1% from the ratio of 24.8% as at March 31, 2010.

Les recettes totales en 2010-2011 s'élevaient à 13 205 millions de dollars, ce qui représente une augmentation de 4,4 % par rapport à 2009-2010. Cette baisse est attribuable aux faits suivants :

- La hausse de 263 millions de dollars (9,9 %) de l'impôt sur le revenu en raison d'un redressement après la faiblesse économique globale de 2009-2010.
- L'augmentation de 48 millions de dollars (3,1 %) des recettes tirées de la taxe sur les ventes au détail, en raison de l'amélioration de l'économie provinciale.
- Les droits et autres recettes se sont accrus de 33 millions de dollars (1,8 %) en raison de l'augmentation des recouvrements de tiers par des organisations de la Couronne, attribuable à la hausse de l'activité des programmes.
- Les transferts fédéraux comptaient 123 millions de dollars de plus (3,1%) résultant de l'augmentation du Transfert canadien en matière de santé (63 millions de dollars), de la baisse des paiements de péréquation (62 millions de dollars) et de la hausse des recettes provenant du partage des frais (122 millions de dollars).

Au 31 mars 2011, le ratio entre les recettes et le PIB était de 24,7%, en baisse de 0,1% par rapport au ratio de 24,8% établi au 31 mars 2010.

Expenses

Analysis of expenses helps users understand the impact of the Government's spending on the economy, the Government's overall allocation and use of resources, and the cost of Government programs.

Expense by Function

Expense by function provides a summary of the major areas of Government spending, and changes in spending over time.

Dépenses

L'analyse des dépenses aide les lecteurs à comprendre l'incidence des dépenses du gouvernement sur l'économie, la répartition de l'ensemble de ses recettes et l'usage des ressources, ainsi que le coût des programmes du gouvernement.

Dépenses par fonction

Les dépenses par fonction présentent le sommaire des principaux secteurs de dépenses du gouvernement et l'évolution dans les dépenses au fil des ans.

($ millions)/ (en millions de dollars) **Expense by Function/ Dépenses par fonction**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	**2006/07** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Health and Healthy Living/Santé et Vie saine	5,120	4,831	4,590	4,232	3,956
Education/Éducation	3,341	3,227	3,091	3,224	2,948
Family Services and Consumer Affairs/Services à la famille et Consommation	1,363	1,295	1,192	1,224	1,142
Community, Economic and Resource Development/Développement des communautés, de l'économie et des ressources	1,972	1,813	1,729	1,420	1,280
Justice and Other Expenditures/Justice et autres dépenses	934	926	882	974	829
Debt servicing/ Service de la dette	773	756	830	864	793
Total Expenses by Function/Dépenses totales	**13,503**	**12,848**	**12,314**	**11,938**	**10,948**

The sources of expenses have remained consistent with the prior year, with the health and education sectors making up 62.7% of total expenses (62.7% in 2009/10).

Total expenses in 2010/11 were $13,503 million, an increase of 5.1% from 2009/10, as a result of the following:

- Health expenses increased 6.0% primarily due to base line funding to Regional Health Authorities,

Les sources des dépenses étaient semblables à celles de l'exercice antérieur. Les secteurs de la santé et de l'éducation ont absorbé 62,7 % des dépenses totales (contre 62,7 % en 2009-2010).

Les dépenses totales en 2010-2011 ont atteint 13 503 millions de dollars, réalisant un bond de 5,1 % par rapport à 2009-2010, et ce, en raison des facteurs suivants :

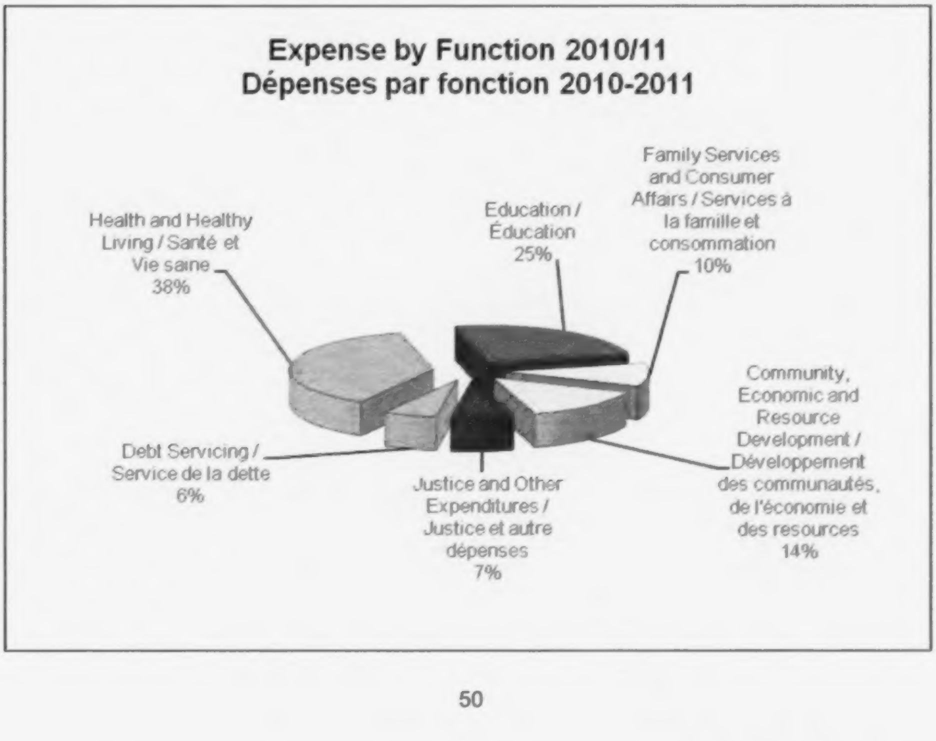
- Les dépenses dans le secteur de la santé ont augmenté de 6,0 %, ce qui s'explique en grande partie par le financement de base aux offices régionaux de la santé.

- Education expenses increased 3.5% from the prior year reflecting increased program expenditures
- Family Services and Consumer Affairs expenses increased 5.3% primarily due to increases in disability and Employment Income Assistance programs and child maintenance expenditures increased caseloads, and
- Community, Economic and Resource Development expenses increased 8.8% due to budgeted increases such as infrastructure programs, increases in agricultural support programs and Labour Market Skills programming. Increases were offset by decreases in support for local government in a return to normal funding levels from the accelerated program spending incurred in 2009/10.

- Les dépenses d'éducation se sont accrues de 3,5 % par rapport à l'année précédente, en raison d'une augmentation des dépenses de programmes.
- Les dépenses dans le secteur des services à la famille et de la consommation se sont accrues de 5,3 % principalement en raison d'augmentations dans les programmes de soutien des personnes handicapées et les programmes d'aide à l'emploi et au revenu, ainsi que de l'augmentation du nombre de cas où des dépenses d'entretien des enfants sont engagées.
- Les dépenses pour le développement des communautés, de l'économie et des ressources ont grimpé de 8,8 % en raison d'une hausse prévue du budget dans certains secteurs tels que les programmes d'infrastructure, les programmes de soutien à l'agriculture et les programmes de compétences sur le marché du travail. Les augmentations ont été contrebalancées par la réduction de l'appui accordé aux administrations locales, laquelle correspond à un retour aux niveaux de financement normaux après les dépenses de programmes accélérées engagées en 2009-2010.

The following chart shows the Government's operating expenses by function:

Le diagramme suivant montre les éléments des dépenses de fonctionnement du gouvernement.



The health and healthy living, education, and family services and consumer affairs components comprise 72.8% of the total operating expenses. Program expenses, which represent total expenses less the cost of servicing debt, increased 5.3% from 2009/10. In 2010/11, total expenses to Gross Domestic Product (GDP) amounted to 25.2% (2009/10 – 25.2%) while program expenses to GDP amounted to 23.8% (2009/10 – 23.7%) of GDP.

Les secteurs de la santé et de la vie saine, de l'éducation ainsi que des services à la famille et de la consommation représentent 72,8 % de l'ensemble des dépenses de fonctionnement. Les dépenses des programmes, soit les dépenses totales moins les frais de service de la dette, ont augmenté de 5,3 % depuis 2009-2010. En 2010-2011, les dépenses totales équivalaient à 25,2 % du produit intérieur brut (25,2 % en 2009-2010), tandis que les dépenses des programmes équivalaient à 23,8 % du PIB (23,7 % en 2009-2010).

The expense ratio (total expenses as a percentage of total revenues) stood at 102.3% in 2010/11. An expense ratio of less than 100% means that revenues have exceeded expenses, resulting in a surplus.

Le ratio des dépenses (dépenses totales en pourcentage des recettes totales) était de 102,3 % en 2010-2011. Un ratio des dépenses inférieur à 100 % signifie que les recettes sont supérieures aux dépenses, et qu'on obtient un excédent.

The total program expenses were higher than the 2010/11 budget by $233 million, or 1.9%.

Le total des dépenses des programmes dépassait les prévisions de 2010-2011 de 233 millions de dollars (1,9 %).

Expense by Type

Dépenses par catégorie

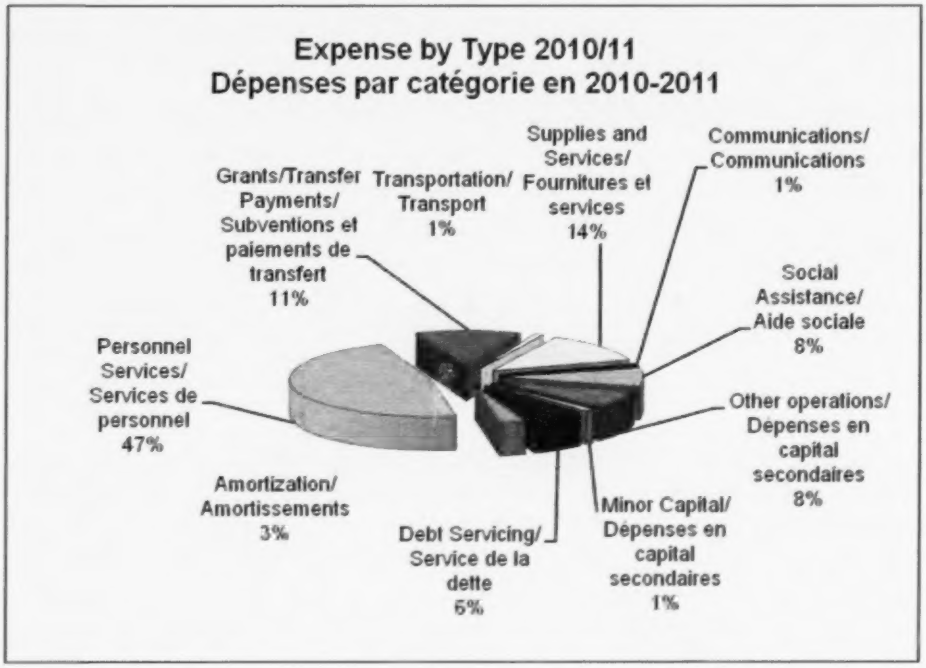
Expense by type provides a summary of the major types of Government spending, and changes in spending over time.

Les dépenses par catégorie présentent le sommaire des catégories principales de dépenses du gouvernement et de l'évolution dans les dépenses au fil des ans.

($ millions)/ (en millions de dollars) **Expense by Type/ Dépenses par catégorie**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	**2006/07** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Personnel Services/Services de personnel..................................	6,341	6,074	5,760	5,638	5,165
Grants/Transfer Payments/ Subventions et paiements de transfert..	1,624	1,403	1,507	1,438	1,091
Transportation/Transport.................	183	185	150	131	124
Communications/Communications....	70	77	76	74	70
Supplies and Services/Fournitures et services..	1,835	1,863	1,717	1,629	1,356
Social Assistance/Aide sociale	1,038	967	876	796	744
Other Operating/Autres dépenses de fonctionnement	1,126	1,029	943	920	1,190
Debt servicing/Service de la dette....	773	756	830	864	793
Minor Capital/Dépenses en capital secondaires..................................	75	90	80	91	73
Amortization/Amortissement des immobilisations.............................	438	404	375	357	342
Total Expenses by Type/ Dépenses totales	**13,503**	**12,848**	**12,314**	**11,938**	**10,948**

Expense types by percentage are shown in the following Chart:

Le diagramme suivant montre les catégories de dépense en pourcentage.



The Government's 2010/11 major expenses were personnel services at 47% (2009/10 – 47%), supplies and services at 14% (2009/10 – 14%) and grants/transfer payments at 11% (2009/10 – 11%).

En 2010-2011, les services de personnel ont représenté les principales dépenses du gouvernement, soit 47 % des dépenses (contre 47 % aussi en 2009-2010), les fournitures et services ont représenté 14 % (contre 14 % en 2009-2010) et les subventions et paiements de transfert équivalaient à 11 % des dépenses (contre 11 % en 2009-2010).

Financial Assets

Analysis of financial assets provides users with information regarding the amount of resources available to the Government that can be converted to cash, if required, to discharge existing liabilities or to finance future operations.

Actifs financiers

L'analyse des actifs financiers renseigne les lecteurs sur le montant de ressources du gouvernement pouvant être converti en liquidités au besoin pour s'acquitter de ses présentes obligations ou financer des activités futures.

($ millions)/ (en millions de dollars)	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	***2006/07*** Actual/ Chiffres réels de 2006-2007
Financial Assets/ Actifs financiers					
	$	$	$	$	$
Cash, cash equivalents, short term investments/Espèces, quasi-espèces, placements à court terme..................	1,045	1,459	1,437	2,254	2,515
Temporary investments/Placements temporaires....................................	346	551	733	586	246
Accounts receivable and advances/Créances et avances..........	1,346	1,259	1,143	1,149	1,109
Inventories/Stocks...........................	11	10	11	10	11
Portfolio investments/Placements de portefeuille......................................	2,735	2,509	2,738	4,462	3,462
Loan and advances/Prêts et avances...	800	786	767	745	771
Equity in government business enterprises/Valeur des entreprises publiques......................................	3,429	3,068	2,127	2,679	1,933
Total Financial Assets/Total des actifs financiers...............................	**9,712**	**9,642**	**8,956**	**11,885**	**10,047**

Financial assets increased by $70 million or 0.7% from 2009/10. Cash, cash equivalents and temporary investments decreased by $619 million or 30.8% from 2009/10. Portfolio investments increased by $226 million, or 9.0%, from 2009/10. Equity in GBEs represents 35.3% of 2010/11 financial assets; an increase of $361 million, or 11.8%, from 2009/10. This increase results from stable earnings achieved in the GBEs coupled with increases in equity due to the accounting for other comprehensive gains recorded by the GBEs. Portfolio investments earned $82 million, (2009/10 - $99 million). The decrease of $17 million was due primarily to declining rates of return.

Les actifs financiers ont augmenté de 70 millions de dollars (0,7 %) par rapport à 2009-2010. Les espèces, quasi-espèces et placements à court terme ont fléchi de 619 millions de dollars (30,8 %) depuis 2009-2010. Les placements de portefeuille ont augmenté de 226 millions de dollars (9,0 %) depuis 2009-2010. La valeur des entreprises publiques représente 35,3 % des actifs financiers de 2010-2011, une augmentation de 361 millions de dollars (11,8 %) par rapport à 2009-2010. Cette hausse s'explique par les gains stables réalisés par les entreprises publiques et à une augmentation de leur valeur due à la comptabilisation d'autres gains rapportés par les entreprises publiques dans leur résultat étendu. Les placements de portefeuille ont rapporté 82 millions de dollars (99 millions de dollars en 2009-2010). La diminution de 17 millions de dollars est due principalement à des soldes moins élevés rapportés et à des taux de rendement à la baisse.

Liabilities

An analysis of liabilities provides users with information to understand and assess the demands on financial assets. Liabilities consist of debt or obligations owing, to be repaid with cash or other assets.

Passifs

Une analyse des passifs permet aux lecteurs de comprendre et d'évaluer les pressions qui s'exercent sur les actifs financiers. Les passifs sont les dettes et les obligations à assumer au moyen de liquidités ou d'autres actifs.

($ millions)/ (en millions de dollars) Liabilities/ Passifs	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009	2007/08 Actual/ Chiffres réels de 2007-2008	2006/07 Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Borrowings/Emprunts	17,120	16,111	14,891	14,734	13,639
Accounts payable and accrued liabilities/ Créditeurs et charges à payer..	3,268	3,152	3,228	2,936	2,735
Deferred revenues/ Recettes différées........................	368	368	305	285	272
Pension liability/ Obligation découlant des régimes de retraite....................................	1,772	1,800	1,991	4,470	4,192
Other liabilities/Autres obligations....	21	21	21	21	20
Total Liabilities/ Total des passifs	**22,549**	**21,452**	**20,436**	**22,446**	**20,858**

The 2010/11 total liabilities increased $1,097 million or 5.1% from 2009/10. Borrowings have increased $1,009 million or 6.3% from 2009/10. The pension liability balance decreased by $28 million or 1.6% from 2009/10. Restricted inflows, recorded as deferred revenues, remained unchanged from 2009/10 and accounts payable and accrued liabilities increased by $116 million or 3.7% from 2009/10.

Le total des passifs de 2010-2011 s'est accru de 1097 millions de dollars par rapport à 2009-2010, ce qui représente une croissance de 5,1 %.Les emprunts ont augmenté de 1 009 millions de dollars ou 6,3 %. Le solde de l'obligation découlant des régimes de retraite a diminué de 28 millions de dollars ou 1,6 % par rapport à 2009-2010. Les rentrées soumises à restrictions, inscrites comme des recettes reportées, n'ont pas changé par rapport à 2009-2010, et les comptes fournisseurs et les charges à payer ont augmenté de 116 millions de dollars (3,7 %) depuis 2009-2010.

Debt servicing costs were $773 million (2009/10 - $756 million) as at March 31, 2011, an increase of 2.2%. As explained on page 94, the gross amount of debt servicing costs increased to a level of $1,206 million, (2009/10 - $1,177 million) when GBEs' adjustments are included.

Les frais de service de la dette ont atteint 773 millions de dollars au 31 mars 2011, contre 756 millions de dollars en 2009-2010, ce qui représente une hausse de 2,2 %. Comme nous l'avons expliqué à la page 94, le montant brut des frais de service de la dette est monté à 1 206 millions de dollars (contre 1 177 millions de dollars en 2009-2010), après les ajustements relatifs aux entreprises publiques.

Pension Liability

Direct action has been taken to address the unfunded pension liability. This included funding 75% of the employer's liability relating to the Teacher's Retirement Allowances Fund in 2007 and funding $860 million towards the employer's liability relating to the Civil Service Superannuation Fund by the end of March 2011, through borrowings. Like any long-term strategy, there will be ups and downs in returns on

Obligation découlant des régimes de retraite

Des mesures énergiques ont été prises pour régler la question de l'obligation non capitalisée découlant des régimes de retraite. Ainsi, après avoir provisionné 75 % de l'obligation provinciale relative à la Caisse de retraite des enseignants en 2007, le gouvernement affecte 860 millions de dollars à l'obligation relative à la Caisse de la fonction publique à la fin de mars 2011, en recourant à des emprunts. Comme pour toutes les stratégies à long terme, il y aura des hauts et des bas

investment. Borrowing funds to pay down the previously unfunded pension liability is a sound fiscal decision, as over the longer term, the cost of borrowing is less than the actuarially determined expected rate of return on the plan assets and the rate of growth in the pension liability.

Global economic uncertainty and extraordinary market volatility defined the financial environment during 2008/09. Due to improving market conditions in 2009/10 much of the negative impact incurred in that year was recovered in the current year and previous year.

The Government uses a diversified, conservative investment approach to mitigate the risk of volatile market conditions on its investments and operating results. It recognizes changes in market value over the service life of employees, consistent with Canadian generally accepted accounting principles. This method of accounting for market changes allows the Government to smooth gains and losses over several years.

Notwithstanding the impact of market shifts on the operating results of the Government, pension benefits are not affected because all the pension plans that it sponsors are defined benefit plans. Under these types of plans, pension benefits are determined using a formula which is linked to the employee's salary. Benefits are not linked to the market value of investments or recent investment returns.

Further information on the status of pension plan assets is provided in the 2010/11 notes to the Public Accounts, page 86, and Schedule 6, page 105.

Net Debt and Accumulated Deficit

Net debt is the difference between the Province's liabilities and financial assets. It represents the amount of liabilities to be funded from future revenues and taxation. Operating losses, investments in tangible capital assets or other non-financial assets all increase net debt. Net debt is decreased by operating net income or decreases in the value of net tangible capital assets

dans les rendements du capital investi. L'emprunt de sommes pour rembourser l'obligation non capitalisée découlant des régimes de retraite est une décision financière judicieuse car, à long terme, le coût d'emprunt est inférieur aux prévisions actuarielles des taux de rendement de l'actif des régimes et du taux de croissance de l'obligation découlant des régimes de retraite.

L'incertitude économique mondiale et l'extraordinaire volatilité des marchés ont caractérisé l'environnement financier au cours de l'exercice 2008-2009. L'amélioration des conditions du marché aux cours des exercices 2009-2010 et 2010-2011 a permis de contrecarrer une grande partie des effets négatifs de 2008-2009.

Le gouvernement a adopté une approche conservative dans le choix de ses investissements, qu'il a aussi voulu diversifiés, afin de limiter les risques liés à la volatilité des marchés, et cela, tant pour protéger ses investissements que ses résultats d'exploitation. Il reconnaît les changements de valeur marchande au cours des années de service des employés, conformément aux principes comptables généralement reconnus au Canada. Cette méthode tenant compte des changements du marché permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

Malgré les effets qu'ont eus les variations du marché sur les résultats d'exploitation du gouvernement, les prestations de retraite n'en subissent pas les répercussions, car tous les régimes de retraite que le gouvernement offre sont à prestations déterminées. Selon ces régimes, les prestations de retraite se calculent en fonction du salaire de l'employé concerné. Elles ne sont pas liées à la valeur marchande des investissements ni aux récents rendements du capital investi.

Vous trouverez plus de renseignements sur l'état de l'actif des régimes de retraite dans les notes accompagnant les Comptes publics de 2010-2011, page 86, et à l'Annexe 6, page 105.

Dette nette et déficit accumulé

La dette nette est la différence entre les passifs de la Province et ses actifs financiers. Elle représente la somme des passifs à financer à même les recettes et les impôts à venir. Les pertes résultant des activités ainsi que les investissements dans les immobilisations corporelles et les autres biens non financiers s'ajoutent tous à la dette nette. La dette nette diminue en fonction and other non-financial assets. As at March 31, 2011, net debt was $12,837 million, $1,027 million or 8.7% higher than the prior year.

des revenus nets provenant des activités ou des baisses de la valeur des immobilisations corporelles nettes et d'autres actifs non financiers. Au 31 mars 2011, la dette nette s'élevait à 12 837 millions de dollars, soit 1 027 millions de dollars ou(8,7 %) plus élevée qu'à la fin de l'exercice antérieur.

The accumulated deficit has decreased by $936 million, or 17.2%, over the last five years, as a result of the growing economy, prudent fiscal management, the inclusion of school divisions, and changes in accounting policies affecting the equity in the GBEs. In 2010/11, the accumulated deficit increased by $129 million, or 2.9%, from the prior year primarily.

Le déficit accumulé a diminué de 936 millions de dollars (17,2 %) au cours des cinq dernières années, en raison de la croissance de l'économie, d'une gestion budgétaire prudente, de l'inclusion des divisions scolaires et des changements apportés aux conventions comptables concernant la valeur des entreprises publiques. En 2010-2011, le déficit accumulé a augmenté de 129 millions de dollars (2,9 %) par rapport à l'exercice précédent.

($ millions)/ (en millions de dollars) **Net Debt and Accumulated Deficit/ Dette nette et déficit accumulés**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	***2006/07*** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Financial assets/ Actifs financiers....................	9,712	9,642	8,956	11,885	10,047
Less: liabilities/ Moins : les passifs..................	(22,549)	(21,452)	(20,436)	(22,446)	(20,858)
Total Net Debt/Dette nette......	**(12,837)**	**(11,810)**	**(11,480)**	**(10,561)**	**(10,811)**
Non-financial assets/Actifs non financiers.............................	8,334	7,436	6,597	6,006	5,372
Total Accumulated Deficit/ Total du déficit accumulé.......	**(4,503)**	**(4,374)**	**(4,883)**	**(4,555)**	**(5,439)**

Non-Financial Assets

Actifs non financiers

An analysis of non–financial assets provides users with information to assess changes in the Government's infrastructure and long–term non–financial assets.

Une analyse des actifs non financiers permet aux lecteurs d'apprécier l'évolution des infrastructures et des actifs non financiers à long terme du gouvernement.

($ millions)/ (en millions de dollars) **Non-Financial Assets/ Actifs non financiers**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	***2006/07*** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Tangible capital assets/Immobilisations corporelles....................................	8,233	7,325	6,523	5,934	5,310
Prepaid expenses/Charges payées d'avance......................................	51	46	38	36	31
Inventories/Stocks..........................	50	65	36	36	31
Total Non-financial Assets/Total des actifs non financiers.......................	**8,334**	**7,436**	**6,597**	**6,006**	**5,372**

Non–financial assets typically represent resources that the Government can use in the future to provide services, such as tangible capital assets. The management of non–financial assets has a direct impact on the level and quality of services a government is able to provide to its citizens.

Les actifs non financiers, comme les immobilisations corporelles, sont généralement des ressources que le gouvernement peut utiliser dans l'avenir pour fournir des services. La gestion des actifs non financiers a des répercussions directes sur le niveau et la qualité de services qu'un gouvernement est en mesure de fournir à sa population.

At March 31, 2011, non–financial assets were $898 million higher, or 12.1%, than 2009/10. The majority of the Government's non–financial assets represent expenditures for tangible capital assets. New acquisitions of tangible capital assets totalled $1,361 million for 2010/11 ($1,232 for 2009/10). These capital acquisitions include investments in the post–secondary education, health facilities and transportation sectors.

En date du 31 mars 2011, les actifs non financiers présentaient une hausse de 898 millions de dollars, soit 12,1 %, par rapport à ceux de 2009-2010. La plus grande partie des actifs non financiers du gouvernement provient de dépenses en immobilisations corporelles. Les nouvelles acquisitions d'immobilisations corporelles totalisaient 1 361 millions de dollars en 2010-2011 (1 232 millions de dollars en 2009-2010). Ces acquisitions d'immobilisations comprennent des investissements dans les secteurs de l'enseignement postsecondaire, dans les établissements de santé et dans les transports.

Tangible Capital Assets

An analysis of tangible capital assets helps users understand whether the Government has the ability to provide services in future periods.

Immobilisations corporelles

Une analyse des immobilisations corporelles aide les lecteurs à connaître la capacité du gouvernement de fournir des services au cours de périodes à venir.

($ millions)/ (en millions de dollars) **Tangible Capital Assets/ Immobilisations corporelles**	**2010/11** Actual/ Chiffres réels de 2010-2011	**2009/10** Actual/ Chiffres réels de 2009-2010	**2008/09** Actual/ Chiffres réels de 2008-2009	**2007/08** Actual/ Chiffres réels de 2007-2008	***2006/07*** Actual/ Chiffres réels de 2006-2007
	$	$	$	$	$
Land/Terrains..................................	232	225	208	194	157
Building and leasehold improvements/Améliorations des immeubles et améliorations locatives.....	3,388	3,130	2,883	2,685	2,533
Vehicles and equipment/Véhicules et équipement....................................	672	639	596	580	525
Computer hardware and software/Matériel informatique et logiciels..	244	235	253	224	230
Assets under construction/Actifs en chantier...	849	614	487	423	361
Infrastructure/Infrastructure..................	2,848	2,482	2,096	1,828	1,504
Total Tangible Capital Assets/Total des immobilisations corporelles...........	**8,233**	**7,325**	**6,523**	**5,934**	**5,310**

Commencing in 2006/07, the Government's policy is to capitalize the gross cost of its tangible capital assets. Recoveries related to capital projects, from other governments, are recognized as revenue in the year a tangible capital asset is purchased. In accordance with the recommendations of PSAB, the value of Crown land transferred to the Province is not reported as tangible capital assets.

The net book value (cost less accumulated amortization) of tangible capital assets is a major asset of the Province, totaling $8,233 million at the end of 2010/11 (2009/10 - $7,325 million). The buildings and leasehold improvements asset class includes a large portion of tangible capital assets pertaining to provincially owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

The investment in tangible capital assets in total has remained reasonably consistent with the prior year. The net annual investment increased by $908 million in 2010/11 (2009/10 - $802 million increase). In 2010/11, the Government invested $326 million in buildings and leasehold improvements, $161 million for vehicles and equipment, and $480 million for

Depuis 2006-2007, la politique du gouvernement consiste à inscrire au bilan le coût brut de ses immobilisations corporelles. Les sommes récupérées liées aux projets d'immobilisation sont inscrites comme des recettes au cours de l'exercice où les immobilisations corporelles sont achetées. Les soldes de 2005-2006 n'ont pas été ajustés sur une base comparable. Conformément aux recommandations du Conseil de la comptabilité dans le secteur public, la valeur des terres de la Couronne transférées à la Province n'est pas comprise dans les immobilisations corporelles.

La valeur comptable nette (coût moins les amortissements cumulés) des immobilisations corporelles constitue un des principaux actifs de la Province et représentait 8 233 millions de dollars à la fin de 2010-2011 (7 325 millions de dollars en 2009-2010). La catégorie Améliorations des immeubles et améliorations locatives est formée en grande partie par les immobilisations corporelles des écoles, des établissements de santé et des immeubles de services publics qui appartiennent à la Province. La catégorie Infrastructure comprend les routes, les ouvrages de régularisation des eaux et les parcs.

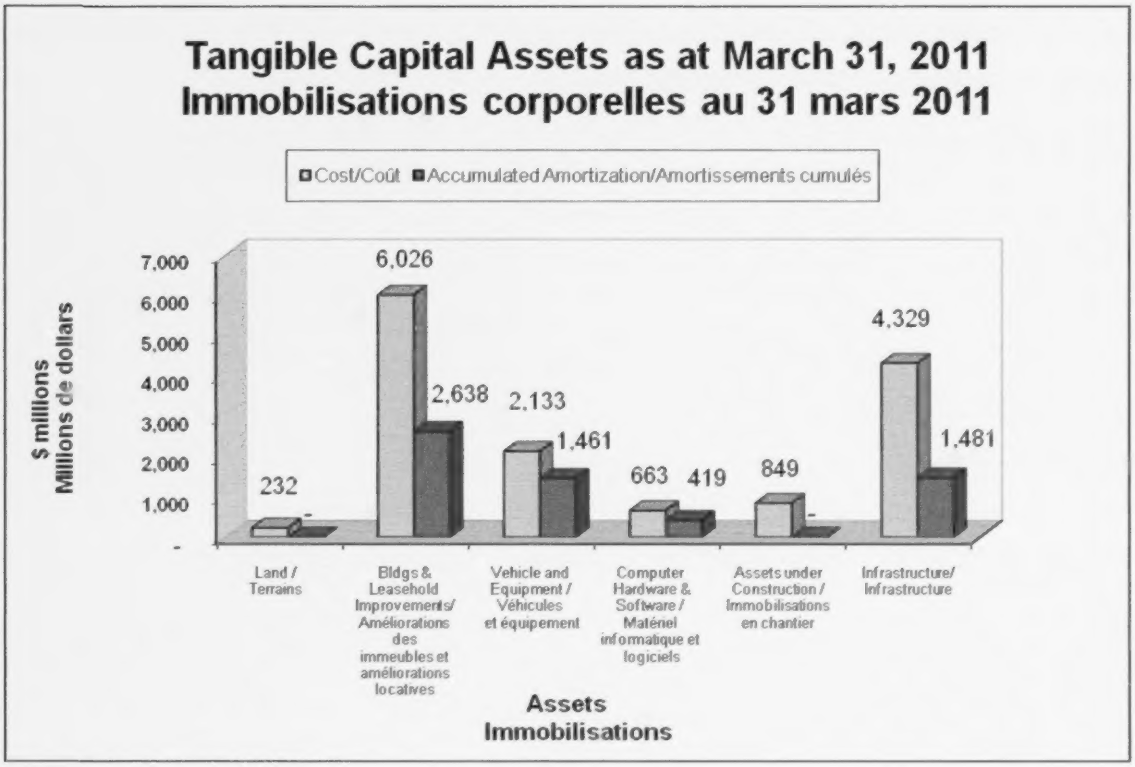
Dans l'ensemble, l'investissement en immobilisations corporelles est relativement semblable à celui de l'exercice précédent. L'investissement annuel net s'est accru de 908 millions de dollars en 2010-2011 (contre 802 millions de dollars en 2009-2010). En 2010-2011, le gouvernement a investi 326 millions de dollars en améliorations des immeubles et en

infrastructure projects. Infrastructure projects include $245 million in transportation-related projects, such as road grading and surfacing and $203 million in assets under construction, such as costs relating to the construction of the Red River Floodway Expansion including bridges and structures.

The total cost of tangible capital assets has also increased steadily, from $9,984 million in 2006/07 to $14,232 million in 2010/11, demonstrating the value of tangible capital assets that are available to provide services in future periods. The following chart of tangible capital assets shows these assets by class and their related accumulated amortization as at March 31, 2011.

améliorations locatives, 161 millions de dollars en véhicules et en équipement et 480 millions de dollars en projets d'infrastructure, répartis comme suit : 245 millions de dollars pour des travaux dans le secteur des transports, comme le nivellement et le pavage des routes, et 203 millions de dollars dans des actifs en chantier, notamment dans des éléments liés aux travaux d'agrandissement du canal de dérivation de la rivière Rouge, y compris des ponts et des structures.

Les immobilisations corporelles s'accroissent également de façon constante. Elles sont passées de 9 984 millions en 2006-2007 à 14 232 millions en 2010-2011, ce qui témoigne de la valeur des immobilisations corporelles utiles à la prestation de services aux cours de périodes à venir. Le diagramme suivant présente les immobilisations corporelles par catégorie et leurs amortissements cumulés respectifs au 31 mars 2011.



Tangible Capital Assets as at March 31, 2011
Immobilisations corporelles au 31 mars 2011

GLOSSARY OF KEY TERMS /GLOSSAIRE DE TERMES-CLÉS

Borrowings: Borrowings are securities issued in the name of the Province to capital markets investors. Securities include debentures, treasury bills, promissory notes, medium-term notes and Manitoba Savings Bonds.	**Emprunts :** valeurs ou titres émis au nom de la Province et vendus aux investisseurs des marchés financiers. On compte parmi ces titres des débentures, des bons du Trésor, des billets à ordre, des obligations à moyen terme et des obligations d'épargnes du Manitoba.
Consolidation Impacts: The adjustments needed to bring the revenue and expenditure of the Other Reporting Entities into the Summary Budget, and to eliminate transactions between entities to avoid duplication of revenues and expenses (e.g. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the Other Reporting Entity).	**Incidences de la consolidation :** ajustements nécessaires pour inclure les recettes et les dépenses des autres entités comptables dans le Budget sommaire, et pour éliminer les transactions entre entités dans le but d'éviter la comptabilisation double des recettes et des dépenses (par exemple, une subvention publique figure comme dépense dans les opérations fondamentales du gouvernement et est éliminée dans les recettes d'autres entités comptables).
Core Government: A component of the GRE. Represents the operations of government, including the revenues directly under government's control, and the programs and services delivered by government departments.	**Opérations fondamentales du gouvernement :** composante du périmètre comptable du gouvernement. Il s'agit des opérations du gouvernement, y compris les recettes qui sont directement sous le contrôle du gouvernement, ainsi que les programmes et les services fournis par ses ministères.
Crown Organization: An organization in the GRE that is wholly owned or established by government, such as a Crown corporation (e.g. Manitoba Agricultural Services Corporation).	**Organisation de la Couronne :** organisation du périmètre comptable qui a été établie par le gouvernement ou dont il a la propriété exclusive, par exemple une société d'État comme la Société des services agricoles du Manitoba.
Debt Servicing Cost: Interest and other expenses associated with provincial borrowings.	**Frais de service de la dette :** intérêts et autres dépenses liés aux emprunts provinciaux.
Financial Assets: Assets of the Province such as cash, investments, loans and accounts receivable that could be readily converted to cash in order to pay the Province's liabilities or finance its future operations.	**Actifs financiers :** actifs de la Province (exemples : encaisse, investissements, prêts et débiteurs) qui pourraient facilement être convertis en liquidités afin de faire face aux obligations de la Province ou pour financer ses activités futures.
Generally Accepted Accounting Principles (GAAP): Standard accounting practices and reporting guidelines as prescribed by The Canadian Institute of Chartered Accountants.	**Principes comptables généralement reconnus (PCGR) :** pratiques comptables normalisées et lignes directrices pour la présentation de l'information financière, prescrites par l'Institut Canadien des Comptables Agréés.

Government Business Enterprises (GBEs): A Crown organization delegated with the financial and operating authority to carry on a business. It sells goods or services to individuals and organizations outside the GRE and can maintain its business on those revenues.	**Entreprise publique :** organisation de la Couronne qui est investie des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Elle vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement et elle peut poursuivre ses activités au moyen de ses recettes.
Government Reporting Entity (GRE): Includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges.	**Périmètre comptable du gouvernement :** inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.
Gross Domestic Product (GDP): Represents the total market value of all final goods and services produced in the Manitoba economy.	**Produit intérieur brut (PIB) :** valeur marchande totale de tous les biens et services finals produits par l'économie manitobaine.
Guarantees: The Province, in the normal course of business, may provide a guarantee to honour the repayment of debt or loans of an organization, primarily GBEs. Such a guarantee is provided on the Manitoba Hydro Savings Bonds.	**Garanties :** la Province, dans le cours normal de ses activités, peut garantir le remboursement des dettes ou des emprunts engagés par des organismes, c'est-à-dire principalement des entreprises publiques. De telles garanties sont fournies pour les obligations d'épargnes Hydro Bonds du Manitoba.
Net Debt to GDP Ratio: The ratio of government net debt relative to the total market value of all final goods and services produced in the Manitoba economy. Net debt represents the total liabilities of the government less its financial assets. It is widely used by credit rating agencies and other analysts to evaluate the financial situation and trends of jurisdictions in regards to their relative creditworthiness.	**Rapport dette nette–produit intérieur brut (PIB) :** dette nette de la Province par rapport à la valeur marchande totale de tous les biens et services finals produits par l'économie manitobaine. La dette nette est le total du passif de l'État moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour apprécier la conjoncture financière d'un État et l'évolution de sa capacité à faire face à ses engagements financiers.
Non-Financial Assets: Includes physical items such as tangible capital assets (e.g. buildings and roads) and consumable goods such as inventories that are not normally converted to cash.	**Actifs non financiers :** actifs ayant une existence matérielle, notamment les immobilisations corporelles (par exemple les immeubles et les routes) et les biens consommables tels que les stocks qui ne sont pas normalement convertis en liquidités.
Other Comprehensive Income (OCI): Other comprehensive income is an accounting recognition of unrealized gains and losses in fair market value of financial instruments, such as investments held as available for sale or trading or debt held in a foreign currency. Currently, OCI accounting standards apply only to other reporting entities, except not-for-profit organizations. It is measured as the change in "mark-to-	**Autres éléments du résultat étendu :** prise en compte des gains et des pertes non réalisés calculés selon la juste valeur marchande de l'instrument financier, par exemple, un actif financier susceptible de vente ou une dette en devise étrangère. À l'heure actuelle, les normes comptables concernant les autres éléments du résultat étendu s'appliquent uniquement aux autres entités comptables, à l'exception des organismes à but non

market" valuations, interest rates, or foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

Other Reporting Entities: Entities in the GRE such as Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges that are directly or indirectly controlled by the Government, as prescribed by PSAB – excludes Core Government.

Pension Liability: Outstanding actuarial-calculated pension liability of the government and participating Crown organizations. The expense includes amounts funded through the appropriations of Core Government as well as for the actuarially determined increases in the pension liability.

Summary Net Debt: Represents the total liabilities of the GRE less its financial assets. This is the residual amount that will have to be paid or financed by future revenue.

Tangible Capital Assets: Assets with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not for resale.

lucratif. Les autres éléments du résultat étendu sont mesurés d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'année antérieure.

Autres entités comptables : entités du périmètre comptable du gouvernement comme les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges qui sont directement ou indirectement sous le contrôle du gouvernement, comme le prescrit le Conseil sur la comptabilité dans le secteur public. Exclut les opérations fondamentales du gouvernement.

Obligation découlant des régimes de retraite : valeur actuarielle de l'obligation non réglée découlant des régimes de retraite du gouvernement et des organisations de la Couronne participantes. La dépense comprend les fonds provenant des crédits relatifs aux opérations fondamentales du gouvernement et l'augmentation, déterminée à l'aide de calculs actuariels, de l'obligation découlant des régimes de retraite. Le gouvernement du Manitoba soutient huit régimes de retraite distincts.

Dette nette sommaire : total des passifs du périmètre comptable du gouvernement moins ses actifs financiers. Il s'agit du solde des passifs qu'il faudra payer ou financer à l'aide de recettes futures.

Immobilisations corporelles : immobilisations dont la durée de vie utile s'étend au-delà de l'exercice et qui sont acquises, construites ou développées, et qui sont destinées à être utilisées plutôt que vendues.

SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED

March 31, 2011

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STATEMENT OF RESPONSIBILITY

The summary financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government reporting entity and include summary statements of financial position, revenue and expense, accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, in all material respects, the financial condition of the Government reporting entity at the fiscal year end and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

The Government is responsible for the integrity and objectivity of the summary financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes such estimates have been based on careful judgements and have been properly reflected in the summary financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Provincial Comptroller, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with *The Financial Administration Act*.

The Auditor General expresses an independent opinion on these financial statements. Her report, stating the scope of her audit and opinion, appears on the following page.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of the Province of Manitoba.

Original signed by

Betty-Anne Pratt, CA
Provincial Comptroller

August 24, 2011

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying consolidated financial statements of Province of Manitoba, which comprise the consolidated statement of financial position as at March 31, 2011, and the consolidated statements of revenue and expense, accumulated deficit, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Province of Manitoba as at March 31, 2011, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Original document signed by:
Carol Bellringer

August 24, 2011
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2011

SCHEDULE		($ millions) 2011	2010
	FINANCIAL ASSETS		
	Cash and cash equivalents	1,045	1,459
	Temporary investments (Note 2)	346	551
1	Amounts receivable	1,346	1,259
	Inventories for resale	11	10
	Portfolio investments (Note 3)	2,735	2,509
2	Loans and advances	800	786
3	Equity in government business enterprises (Note 4)	3,429	3,068
	Total Financial Assets	9,712	9,642
	LIABILITIES		
4	Borrowings	17,120	16,111
5	Accounts payable, accrued charges, provisions and unearned revenue	3,657	3,541
6	Pension liability (Note 5)	1,772	1,800
	Total Liabilities	22,549	21,452
	NET DEBT	(12,837)	(11,810)
	NON-FINANCIAL ASSETS		
	Inventories held for use	50	65
	Prepaid expenses	51	46
7	Tangible capital assets	8,233	7,325
	Total Non-Financial Assets	8,334	7,436
	ACCUMULATED DEFICIT	(4,503)	(4,374)

Contingencies (Note 6)
Contractual Obligations (Note 7)

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
For the Year Ended March 31, 2011

	($ millions)		
	2011		2010
	Budget	Actual	Actual
REVENUE			
Income taxes:			
Corporation income tax	247	330	257
Individual income tax	2,420	2,592	2,402
Other taxes:			
Retail sales tax	1,668	1,618	1,570
Fuel taxes	230	256	255
Levy for health and education	282	269	264
Mining tax	6	42	10
Education property tax	716	690	668
Other taxes	483	531	514
Fees and other revenue	1,635	1,825	1,792
Federal transfers:			
Equalization	2,001	2,001	2,063
Canada Health and Canada Social Transfers	1,358	1,365	1,302
Shared cost and other	766	681	559
Net income from government business enterprises (Schedule 3)	699	775	772
Sinking funds and other investment earnings	208	230	220
Total Revenue (Schedules 9 and 10)	12,719	13,205	12,648
EXPENSES			
Health and Healthy Living	5,085	5,120	4,831
Education	3,419	3,341	3,227
Family Services and Consumer Affairs	1,326	1,363	1,295
Community, Economic and Resource Development	1,819	1,972	1,813
Justice and Other Expenditures	848	934	926
Debt Servicing (Note 8)	767	773	756
Total Expenses (Schedules 9 and 10)	13,264	13,503	12,848
NET LOSS FOR THE YEAR	(545)	(298)	(200)

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
For the Year Ended March 31, 2011

	($ millions)		
	2011		2010
	Budget	Actual	Actual
Opening accumulated deficit, as previously reported	(4,368)	(4,368)	(4,876)
Restatements (Note 9)			
Correction of Trust account presentation	-	3	3
Correction of Severance and Vacation liabilities	-	(11)	(11)
Other	-	2	1
Opening accumulated deficit, as restated	(4,368)	(4,374)	(4,883)
Other Comprehensive Income (Schedule 3)	-	169	709
Net Loss for the year	(545)	(298)	(200)
Closing accumulated deficit, as restated	(4,913)	(4,503)	(4,374)

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31, 2011

	($ millions)		
	2011		2010
	Budget	**Actual**	**Actual**
Net Loss for the year	(545)	(298)	(200)
Tangible Capital Assets			
Acquisition and reclassification of tangible capital assets	(1,599)	(1,361)	(1,232)
Amortization of tangible capital assets	402	438	404
Disposal of tangible capital assets	-	15	26
Net Acquisition of Tangible Capital Assets	(1,197)	(908)	(802)
Other Non-Financial Assets			
Decrease (Increase) in inventories	-	15	(29)
(Increase) in prepaid expenses	-	(5)	(8)
Net Acquisition of Other Non-Financial Assets	-	10	(37)
Other Comprehensive Income (Schedule 3)	-	169	709
(Increase) in Net Debt	(1,742)	(1,027)	(330)
Net Debt, beginning of year, as restated (Note 9)	(12,253)	(11,810)	(11,480)
Net Debt, end of year	(13,995)	(12,837)	(11,810)

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2011

	($ millions)	
	2011	**2010**
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year	(298)	(200)
Changes in non-cash items:		-
Temporary investments	205	182
Amounts receivable	(87)	(126)
Valuation allowance	3	12
Inventories	14	(28)
Prepaids	(5)	(8)
Accounts payable, accrued charges, provisions and deferrals	116	(13)
Pension liability	(28)	(191)
Amortization of foreign currency fluctuation	6	5
Amortization of debt discount	(21)	(8)
Unamortized losses on derivative contracts	-	(4)
Loss on disposal of tangible capital assets	15	26
Amortization of tangible capital assets	438	404
	358	51
Other Comprehensive Income (Schedule 3)	169	709
Changes in equity in government business enterprises	(361)	(941)
Cash provided by (used in) operating activities	166	(181)
Capital Activities		
Acquisition of tangible capital assets	(1,361)	(1,232)
Cash used in capital activities	(1,361)	(1,232)
Investing Activities		
Investments purchased	(2,080)	(2,394)
Investments sold or matured	1,672	1,640
Cash used in investing activities	(408)	(754)
Financing Activities		
Debt issued	3,639	4,684
Debt redeemed	(2,450)	(2,495)
Cash provided by financing activities	1,189	2,189
Increase (Decrease) in cash and cash equivalents	(414)	22
Cash and cash equivalents, beginning of year	1,459	1,437
Cash and cash equivalents, end of year	1,045	1,459

The accompanying notes and schedules are an integral part of these financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

The summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

B. The Government Reporting Entity

Various funds, Crown organizations (Crowns) and government business enterprises (GBEs) comprising the Government Reporting Entity (GRE) are listed in Schedule 8 to the Summary financial statements.

To be considered a part of the GRE, an organization must be controlled by the Government. Control, as defined by PSAB, is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the Government from the other organization's activities.

C. Basis of Consolidation

Crowns are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the GRE as outlined in note 1D of the significant accounting policies. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax. Where the fiscal year-end dates of Crowns are not the same as that of the GRE, and their transactions significantly affect the financial statements, their financial results are updated to March 31.

GBEs, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the GRE. They are reported in these summary financial statements using the modified equity method of accounting. Under the modified equity method, the original investment of the Government, in GBEs, is initially recorded at cost and adjusted annually to include the net income or losses and other net equity changes of these enterprises, without adjusting their accounting policies to a basis consistent with that of the GRE.

The financial results of GBEs are not updated to March 31, where their fiscal year end is not the same as that of the GRE, except when transactions which, would significantly affect the summary financial statements, occur during the intervening period. Inter-entity accounts and transactions with GBEs are not eliminated. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 3 to the Summary financial statements.

The CICA's Accounting Standards Board has announced that effective January 1, 2011 Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. For those entities currently reporting their operations under rate regulated accounting, that are now required to adopt IFRS as their basis of reporting, the CICA has allowed an extension to January 1, 2012 for the adoption of IFRS. Manitoba Hydro-Electric Board has opted to exercise this extension. GBEs are required to adopt IFRS for their financial reporting. IFRS standards are not required to be adopted by senior governments and will not be adopted for the summary financial statements. Because the GBEs are included in the summary financial statements on a modified equity basis, the summary financial statements could be impacted by changes to their reporting. The Government is currently assessing the potential impact of these changes.

D. Basis of Specific Accounting Policies

(i) Gross Accounting Concept

Revenues and expenses are recorded as gross amounts with the following exceptions:

(1) Refunds of revenue are treated as reductions of current year revenue.

(2) Decreases in valuation allowances are treated as reductions to expense.

(3) Where there is sufficient evidence that the borrowings undertaken by the Government are specifically on behalf of a GBE, the recoveries of the debt servicing costs on self-sustaining debt of GBEs are recorded as a reduction of debt servicing expense.

(ii) Revenue

(1) Government transfers

Transfer payments from the Government of Canada include all accruals determined for current year entitlements that have been authorized by March 31, for which any eligibility criteria have been met and that can be reasonably estimated.

(2) Individual and corporation income tax

Revenues from individual and corporation income tax are accrued in the year earned based upon estimates made by the Government of Canada using statistical models. Tax revenues are recorded at estimated amounts after considering adjustments for tax credits and other adjustments from the Government of Canada.

(3) Other revenue

All other revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

PSAB has issued a new standard with respect to the recognition and measurement of tax revenues, effective for year ends commencing on April 1, 2012. The impact of changes between this new standard and the Government's current policy has not been reflected in these statements.

(iii) Expenses

(1) Accrual accounting

All expenses incurred for goods or services received are recorded on an accrual basis.

Expenses include provisional amounts recorded in anticipation of costs, which are quantifiable and have been identified as obligations.

(2) Government transfers

Government transfers are recognized as expenses in the period in which the transfer is authorized and any eligibility criteria are met and the amounts can be reasonably estimated.

(iv) Financial Assets

(1) Loans and advances

Loans and advances are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Valuation allowances are made when collection is considered doubtful. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized monthly to debt servicing expense over the term of the related debt issue.

(2) Investments

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward foreign exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign currency fluctuation between year ends are amortized monthly over the remaining life of the investment and are included with debt servicing expense. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in a foreign currency are translated at the exchange rate in effect on the transaction date. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract of the related borrowings to which the original derivative was attached.

(3) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

(v) Liabilities

Liabilities are present obligations to outside parties and GBEs as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

(1) Borrowings

All borrowings are expressed in Canadian dollars and are shown net of unamortized debt issue costs and debt of the Government held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31, adjusted for any forward foreign exchange contract entered into for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized monthly to debt servicing expense over the term of the debt.

The year end translation adjustments, reflecting the foreign currency fluctuation from the value at the issue date, are recorded through the unamortized foreign currency fluctuation account and amortized monthly to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation also reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call. These gains or losses are amortized over the original remaining term of the debt or over the term of the replacement issue, whichever is shorter.

Premiums on interest rate options are amortized monthly over the period of the applicable agreement. If the option is exercised, the premium will continue to be amortized to the maturity date of the agreement. If the option is not exercised, any unamortized premium will be immediately taken into revenue or expense. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract of the related borrowings to which the original derivative was attached.

(2) Pension liability

The Government accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service using the accrued benefit actuarial cost method, except as disclosed in Note 5. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. Past service costs from plan amendments are recognized in full as expenses in the year of the amendment.

(3) Other future employee benefit obligations

The amount of the liabilities for severance, the Long Term Disability Income Plan and workers compensation claims are based upon actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations because actual experience is different from that expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses for the severance liability are amortized over the expected average remaining service life of the related employee group. Actuarial gains and losses for the Long Term Disability Income Plan and the workers compensation claims are recognized as they arise.

(4) Guarantees

Guarantees by the Government are made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Provision for losses on these guarantees are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries.

(5) Environmental liabilities

An environmental liability for contaminated sites is recorded when contamination is identified, and when the Government is obligated, or likely to become obligated, to incur remediation costs due to reasons of public health and safety, contractual arrangements, or compliance with environmental standards which are set out in any act or regulation (federal, provincial, municipal) recognized by the Government. The liability is based upon remediation costs determined on a site-by-site basis, measured as incremental direct costs, reduced by estimated recoveries from third parties, and discounted, where possible, to reflect the time value of money.

PSAB has issued a new standard with respect to the recognition and measurement of liabilities related to contaminated sites, effective for year ends commencing on April 1, 2014. The impact of changes between this new standard and the Government's current policy has not been reflected in these statements.

(vi) Non-Financial Assets

(1) Recognition and measurement

In the public sector, recognition and measurement of tangible capital and other non-financial assets are based on their future service potential. Generally, such assets do not generate future net cash inflows. Therefore, these assets will not provide resources to discharge the liabilities of the Government. For non-financial assets, the future economic benefit consists of their capacity to render service to fulfill the Government's objectives.

(2) Inventories

Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date. Inventories held for use are classified as non-financial assets.

(3) Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the year the goods or services are used or consumed.

(4) Tangible capital assets

The cost of tangible capital assets purchased includes the purchase price as well as costs such as installation costs, design and engineering fees, survey and site preparation costs and other costs incurred to put the asset into service. The cost of tangible capital assets constructed by the Government includes all direct construction costs such as materials, labour, design, installation, engineering, architectural fees, and survey and site preparation costs, as well as overhead costs directly attributable to the construction activity such as licenses, inspection fees, indirect labour costs, and amortization expense of any equipment which was used in the construction project. Any carrying costs associated with the development and construction of tangible capital assets is included for projects whose cost exceeds $20 million.

Certain assets, which have historical or cultural value, including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

Intangible assets and items inherited by right of the Crown, such as Crown lands, forests, water and other mineral resources are not recognized in the Government's financial statements.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Assets:	
Land	Indefinite
Buildings and Leasehold Improvements	
Buildings	10 to 60 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Aircraft and vessels	5 to 24 years
Machinery, equipment and furniture	3 to 20 years
Maintenance and road construction equipment	15 years
Computer hardware, software licences	4 to 15 years
Infrastructure Assets:	
Land	Indefinite
Land Improvements	30 years
Transportation	
Bridges and Structures	40 years
Provincial Highways, Roads and Airstrips	10 to 40 years
Dams and Water Management Structures	40 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

(vii) Classification by Sector

The Province reports operational results under the following sectors; health and healthy living, education, family services and consumer affairs, community economic and resource development, justice and other expenditures and general government. The entities and departments included in each sector are identified in Schedule 8 to the summary financial statements.

The health and healthy living sector includes provincial health care programs and includes all health related entities and services.

The education sector includes all education services including elementary, secondary and post-secondary services, including the pension related expenses associated with this sector.

The family services and consumer affairs sector includes all social services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the Province.

The community economic and resource development sector includes the promotion and development of the Province's natural resources including the support of industries within this sector. It also includes the operation and maintenance of transportation systems including highway infrastructure and other Government infrastructure. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

The justice and other expenditures sector include general administration, finance, executive and legislature, cultural and sport related activities. The sector contains criminal and civil legal services and programs that protect the rights of Manitobans. Also included in the sector, are all general government pension related expenses.

The general government sector is comprised of those activities that cannot to be allocated to the specific sectors noted above.

Inter-segment transfers between sectors are measured at the exchange amount.

E. Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of individual and corporate income taxes, Canada Health Transfer and Canada Social Transfer entitlements, accruals for pension obligations, accruals for environmental obligations, allowances for doubtful loans, accruals for liabilities valued through actuarial valuations, such as long term disability, severance and workers compensation claims and advances and provision for losses on guarantees.

The nature of the uncertainty related to the accrual of health and social transfer payments from the Government of Canada and individual and corporate income taxes arises because of the possible differences between the estimates for the economic factors used in calculating the accruals and actual economic results. The uncertainty related to accruals for pension obligations arises because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of claimants. The uncertainty related to the accrual of environmental obligations is based upon the identification of all sites where environmental damages have occurred that are the Government's responsibility to mitigate and the quantification of what the actual liability will be based upon impact studies. Uncertainty concerning the allowance for doubtful loans and advances is based upon actual collectibility and changes in economic conditions.

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future conditions in the near term could require a material change in the valuation of the reported amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

2. TEMPORARY INVESTMENTS

	($ millions) 2011	2010
Temporary investments	346	551

Temporary investments are recorded at cost, which approximates market value. Temporary investments consist of investments with financial institutions, government bonds and other short term investment vehicles. All of the securities have terms to maturity of less than one year.

3. PORTFOLIO INVESTMENTS

	($ millions) 2011	2010
Sinking funds	1,814	1,917
Other investments	876	541
Unamortized termination losses on derivative contracts	45	51
	2,735	2,509

Portfolio investments are recorded using the cost method. Under this method, any discount or premium arising on the purchase of a fixed term security is amortized over the period to maturity. Portfolio investments are written down to market value only in those circumstances where the loss in value is other than temporary in nature. As at March 31, 2011, the market value of portfolio investments was $2,689 million (2010 - $2,498 million). Portfolio investments earned $82 million during the year (2010 - $99 million).

Sinking Funds

Section 60 of *The Financial Administration Act* authorizes the Minister of Finance to provide for the creation and management of sinking funds for the orderly retirement of debt. The Government's sinking fund currently provides for the repurchase of foreign debt and the pre-funding of maturing debt issues. The sinking fund is invested principally in securities issued or guaranteed by federal and provincial governments. Sinking funds are invested in fixed income securities as follows:

	($ millions) 2011		2010	
	Book Value	Fair Value	Book Value	Fair Value
Government of Canada, direct and guaranteed	266	271	300	303
Provincial, direct and guaranteed	1,334	1,306	1,400	1,416
Municipal	167	175	174	183
Corporate	47	44	43	52
	1,814	1,796	1,917	1,954

Investment revenue earned on sinking funds during the year was $67 million (2010 - $80 million).

The sinking funds are allocated as follows:

	($ millions) 2011	($ millions) 2010
Core Government	1,873	2,082
Crown Organizations	23	15
Total sinking funds	1,896	2,097
Less: Uninvested portion of sinking funds held in cash and cash equivalents	(82)	(180)
Total sinking funds held in portfolio investments	1,814	1,917

Other Investments

	($ millions) 2011	($ millions) 2010
Guaranteed investment certificates	5	5
Bonds – Government of Canada, provincial and municipal	254	237
Bonds – Corporate	490	182
Equity Investments	107	89
Limited partnership investments	-	7
Investments in real estate	20	21
	876	541

As at March 31, 2011, the market value of other investments was $893 million (2010 - $544 million). Other investments earned $15 million during the year (2010 - $19 million).

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

The GBEs that are included in the summary financial statements are listed in Schedule 8 and are classified as follows:

Category	Definition
Utility	An enterprise which provides public utility services for a fee.
Insurance	An enterprise which provides insurance coverage services to the public for a fee.
Finance	Enterprises which provide regulatory control and are revenue generating or enterprises which use economy of scale to deliver goods and services to the public.

The operating results and financial position of each GBE category are reported in Schedule 3 to the Summary financial statements.

Included in the equity in GBEs are equities, which are restricted for use by provincial legislation and thereby not available to discharge Government liabilities or to finance other Government programs. The equity in GBEs is comprised of:

	($ millions) 2011	($ millions) 2010
Restricted Equity in Government Business Enterprises:		
Manitoba Hydro-Electric Board	2,756	2,524
Manitoba Public Insurance Corporation	427	389
Workers Compensation Board	231	141
	3,414	3,054
Unrestricted Equity in Government Business Enterprises:		
Manitoba Lotteries Corporation	5	5
Manitoba Public Insurance Corporation	10	9
	15	14
Equity in Government Business Enterprises	3,429	3,068

5. PENSION PLANS

The Government participates in various pension plans. The two primary plans, in which the Government directly participates, are the Civil Service Superannuation Plan, and the Teachers' Pension Plan. As per the Acts that administer these plans, the Government is responsible for 50% of pension benefits earned by employees. The Government's pension liability reflects its share of the actuarial present values of pension benefits attributed to services rendered by employees and former employees, net of any plan assets which are set aside by the Government in an irrevocable trust. As of March 31, 2011, the pension liability for the Civil Service Superannuation Plan was $794 million (2010 - $916 million) and the pension liability for the Teachers' Pension Plan was $903 million (2010 - $807 million).

Other pension plans in which the Government participates include the Members of the Legislative Assembly Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan and the Winnipeg Child and Family Services Employee Benefits Retirement Plan. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

The Government also includes several other pension plans in its pension liability. These other plans include post-secondary education pension plans and public school divisions' pension plans. Post-secondary education pension plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan. Public school divisions' pension plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division.

Employees in the health sector are members of the Health Care Employees Pension Plan, a multi-employer defined benefit pension plan established between employees and participating boards. Because the Government does not sponsor this plan, the accrued benefit liability of this plan is not recognized in these financial statements. The annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. During the year, the Government expensed contributions to this plan of $113 million (2010 - $106 million).

As at March 31, 2011, the total pension liability being reflected in the summary financial statements was $1,772 million (2010 - $1,800 million). Details related to the pension liability are provided in Schedule 6 to the Summary financial statements. The following provides general information on the contributions and benefit formulae of the various pension plans, which are included in this schedule.

A. Civil Service Superannuation Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government through the Civil Service Superannuation Fund (CSSF).

The lifetime pension calculation equals 2% of a member's best five-year average yearly pensionable earnings multiplied by pensionable service, minus 0.4% of the average Canada Pension Plan (CPP) earnings multiplied by pensionable service since January 1, 1966.

The CSSA requires employees to contribute 6.0% of pensionable earnings up to the CPP maximum pensionable earnings, and 7.0% on pensionable earnings above the maximum. 89.8% of employee contributions are used to fund basic benefits and 10.2% of employee contributions are allocated to funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees. Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

B. Teachers' Pension Plan

The Teachers' Pensions Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

The lifetime pension calculation is generally based upon 2% of a member's average salary of the best five of the final 12 years of service (best seven prior to July 1, 1980) multiplied by pensionable service, minus the years of service multiplied by 0.6% of the annual salary up to the yearly maximum pensionable earnings. The pension amount is subject to a maximum of 70% of the average annual salary used above.

The TPA requires that teachers contribute 6.8% of pensionable earnings up to the CPP maximum earnings, and 8.4% of pensionable earnings above the maximum. 83.4% of teacher's contributions are used to fund basic benefits and 16.6% of teachers contributions are allocated for funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in Teachers' Retirement Allowances Fund can finance one half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

C. Other Government Plans

(i) Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLAs) is established and governed by *The Legislative Assembly Act* (LAA).

For MLAs elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service to April 1995. The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served; if less than five, multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases.

For those MLA's elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. Under the matching contributions provisions, MLAs may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The Government matches the member's contributions on a current basis; consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP, while an active member of the Legislative Assembly, the Government's contribution would be refundable back to the Government.

(ii) Legislative Assembly Pension Plan

The Members' Retirement Benefits Regulation of *The Legislative Assembly Act* established a defined benefit plan, effective April 1, 2004 that provides pension benefits to eligible MLAs who elect to participate in the plan.

The pension benefits accumulate up to a maximum period of 35 years at 2% per year of pensionable service based upon the average of the best five-year annual salaries, reduced by an amount equal to 0.25% times the number of months before the member's 60th birthday that the first pension payment is made. These entitlements are indexed to 2/3 of cost of living increases.

Active members must contribute 7% of their earned salary to the plan. The Government makes contributions as necessary to ensure the pension fund has sufficient assets to cover the monthly pension payments to retirees as well as ensuring there are sufficient funds to cover any of the plans liabilities. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

(iii) Judges' Supplemental Pension Plan

Manitoba Provincial Court Judges and Masters are members of the Civil Service Superannuation Plan; however, they also receive enhanced pension benefits under the Manitoba Provincial Court Judges and Masters' Supplemental Pension Plan. These supplemental pension benefits for judges are the difference between the total pension benefits for judges, including the amendments introduced by Judicial Compensation Committees, and the formula pension available under *The Civil Service Superannuation Act* (CSSA) as described above in Note 5A.

The supplemental pension is generally based upon an accrual rate of 3% for each year of service, as a judge, up to a maximum of 23.5 years, reduced by the pension provided under the CSSA. The combined total of the Judges' Supplemental Pension and Civil Service Superannuation Pension is subject to a maximum of 70% of earnings. These enhanced benefits are entirely funded by the Government.

(iv) Winnipeg Child and Family Services Employee Benefits Retirement Plan

Established effective December 29, 2003, the Winnipeg Child and Family Services Employee Benefits Retirement Plan (WCFSP) applies to employees of the former Winnipeg Child and Family Services Agency, who transferred to the Department of Family Services and Consumer Affairs.

The lifetime pension calculation equals 2% of the member's highest average pensionable earnings in any three non-overlapping periods of 12 consecutive months, less 0.6% of the average CPP earnings for the same period multiplied by years of pensionable service. Indexing payments are subject to approval by the Trustees, subject to increases in the Consumer Price Index.

Members are required to contribute 4.5% of pensionable earnings up to the CPP maximum and 6% on pensionable earnings over the maximum. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

D. Other Pension Plans

(a) Post-Secondary

(i) University of Manitoba Pension Plan

The University of Manitoba administers The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993), and The University of Manitoba GFT Pension Plan (1986). These are trusteed pension plans. The Trustees are responsible for the custody of the plans' assets and issuance of annual financial statements.

University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The funding for the plan requires a matching contribution from the University and the employees. The plan is not indexed. Retirement benefit is calculated by using the greater of the two methods: Formula and Plan Annuity. For each year of pensionable service, Formula benefit equals 2.0% of the average best five year salary, less 0.7% of the average best five year salary under the YMPE in the year of retirement, to a maximum of 1/9 of the Pension Plans money purchase limit. The benefit is reduced by ¼% for each month between the actual pension commencement date and the age of 65. Plan Annuity benefit is based on contribution account balance, age of the retirement, and the annuity factor determined by the plan actuary.

The University of Manitoba Pension Plan (1970) operates as a defined contribution or money purchase arrangement for service since 2003. Certain members retain an entitlement to a hybrid formula for the service prior to 2003, similar to the 1993 Plan.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan; therefore there is no requirement for an actuarial valuation of this plan.

(ii) University of Winnipeg Pension Plan

The University of Winnipeg administers the University of Winnipeg Pension Plan (UWPP), which is comprised of a defined benefit segment and a defined contribution segment. The assets of the Plan are held in trust by independent custodians.

The UWPP was established as a contributory defined benefit pension plan at September 1, 1972 and covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. The funding for the plan requires a matching contribution from the University and the employees. Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of $1,722.22 per year of pensionable service.

Since December 31, 2000, when the defined contribution segment of the Plan was introduced, approximately one-quarter of the eligible members converted to that plan. The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

(iii) Brandon University Retirement Plan

Brandon University administers the Brandon University Retirement Plan, which is a trusteed pension plan. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements.

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The funding for the plan requires a matching contribution from the University and the employees.

Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of $1,722.22 per year of pensionable service for members retired on or before April 1, 2009, and $1,975.00 for those retiring after that date.

(b) Public School Divisions

(i) The Winnipeg School Division Pension Fund for Employees Other Than Teachers

The Winnipeg School Division Pension Fund for Employees Other Than Teachers is a defined benefit pension plan for employees that meet specified employment conditions. The fund was created by By-law 196 of the Winnipeg School Division (replaced by By-law 1017 on January 1, 1992) and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.6% of a member's average pensionable salary and 2.0% of a member's average salary over the pensionable salary, multiplied by a member's years of pensionable service. The average salary is determined by averaging the best five years of employment salary in the last twelve years of service.

Employee contributions equal 6.5% of pensionable salary and 7.8% of the earnings in excess of pensionable salary up to the yearly maximum pensionable earnings, effective January 1, 2008. The percentages changed to 7.0% and 8.2% respectively, effective January 1, 2009. The Winnipeg School Division matches employee contributions and pays an additional 27.4% of employee contributions less the amount needed to finance the Disability Income Plan benefits (approximately 10%). As a result, employer contributions equal approximately 117.4% of employee contributions.

(ii) Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division

The St. James-Assiniboia School Division Retirement Plan for Non-teaching Employees is a defined benefit pension plan that was established on January 1, 1978 and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.4% of a member's average employment earnings below CPP earnings and 2.0% of a member's employment earnings in excess of the CPP earnings, multiplied by a member's years of contributory service. The average employment earnings are determined by averaging the best six years of employment earnings in the last 12 years of service.

Employee contributions equal 5.7% of CPP earnings and 7.3% of the employment earnings in excess of CPP earnings. The St. James-Assiniboia School Division matches employee contributions.

(iii) Retirement Plan for Employees of Frontier School Division

The Frontier School Division Retirement Plan is a defined benefit pension plan for non-teaching employees.

The pension benefit is based on an amount equal to 2.0% of a member's best average earnings, multiplied by a member's years of credited service. The average employment earnings are determined by averaging the best five years of employment earnings in the last ten years of service.

Employee contributions equal 6.0% of CPP earnings, with the Frontier School Division matching employee contributions. The Frontier School Division is responsible for the balance of the pension cost, of which a portion can be financed by an allocation from pension surplus.

E. Government Business Enterprises

Manitoba Hydro-Electric Board, Manitoba Liquor Control Commission, Manitoba Public Insurance Corporation and Manitoba Lotteries Corporation are members of the CSSF. The net pension liabilities for these GBEs are disclosed in Schedule 3.

6. CONTINGENCIES

A. Contingent Liabilities

i) Legal Actions

The Government has been named in various legal actions. No provision has been made at March 31, 2011 in the accounts where the final results are uncertain.

ii) Northern Development Projects

The Government is contingently liable for legal claims associated with past Manitoba Hydro-Electric Board (Hydro) related northern development projects. The outcome of these claims is not determinable at this time.

Hydro is party to an agreement dated December 16, 1977, with Canada, the Province of Manitoba and the Northern Flood Committee Inc., representing the five First Nations in the communities of Cross Lake, Nelson House, Norway House, Split Lake and York Landing. This agreement, in part, provides for compensation and remedial measures necessary to ameliorate the impacts of the Churchill River diversion and the Lake Winnipeg Regulation projects. Comprehensive settlements have been reached with all communities except Cross Lake.

In recognition of all anticipated payments, Hydro has recorded a total liability of $185 million (2010 - $129 million). Reassessments of these liabilities will be made as settlements are achieved. There are other mitigation issues, the outcomes of which are not determinable at this time.

iii) Canadian Blood Services

The majority of provincial and territorial governments of Canada, including Manitoba, are members of, and provide funding to, Canadian Blood Services, which operates the Canadian blood system. The March 31, 2011 audited financial statements of Canadian Blood Services indicate that a wholly owned subsidiary, CBS Insurance Company Limited, provides for the contingent liabilities for risks related to operations of the blood system. The actuarially determined provisions for future insurance claims, reported and unreported, related to insured events that occurred prior to March 31, 2011 is $250 million (2010 - $249 million). The related assets as at March 31, 2011 total $333 million (2010 - $308 million). The subsidiary also had a re-insurance contract for additional coverage of $750 million.

Based upon the above, the Government's share of the provision for future claims as at March 31, 2011 is offset with designated assets, which at that point exceed the provision. In addition, there is re-insurance to cover an additional $750 million in claims of insured events occurring on or before March 31, 2011. The Government is not aware of any proceedings that could lead to a claim against it given the existing arrangement in place.

iv) Treaty Land Entitlement Obligations

To meet the Government's obligation under treaty land entitlement agreements, approximately 565,309 acres of provincial Crown lands have been transferred to the Government of Canada for First Nations. The Government's obligations under the treaty land entitlement agreements require the setting aside of 1,423,110 acres of Crown lands and Other Lands (Acquisition). To date, approximately 978,203 acres of Crown lands have been selected by the Entitlement First Nations. The Crown lands will be transferred according to the Natural Resources Transfer Agreement, and the transfer will include mines and minerals and other interests normally reserved for the Government, under The Crown Land Act or any other statute.

v) Environmental Issues

The Manitoba Hydro-Electric Board will incur future costs associated with the assessment and remediation of contaminated lands and for the phase-out and destruction of polychlorinated biphenyl contaminated mineral oil from electrical equipment. A reasonable estimate of the associated costs cannot be made at this time.

B. Loan Guarantees

The Government has guaranteed the repayment of debt, promissory notes, bank loans, lines of credit, mortgages and securities held by others. Debt guaranteed by the Government is guaranteed, as to principal and interest, until the debt is matured or redeemed. The authorized limits and the outstanding guarantees are summarized as follows:

	Authorized Limit	($ millions) 2011	2010
Manitoba Business Start Program	5	2	2
Manitoba Agricultural Services Corporation (Note 6B.a)	-	79	77
Manitoba Student Aid Program (Note 6B.b)	20	1	2
Manitoba Housing and Renewal Corporation (Note 6B.c)	-	4	5
Rural Entrepreneur Assistance Program (Note 6B.d)	13	11	11
Rural Municipality of Richot	1	-	1
		97	98
Manitoba Grow Bonds	-	3	4
Total guarantees outstanding		100	102

A provision for future losses on guarantees in the amount of $21 million (2010 - $21 million) has been recorded in the accounts. The provisions for losses on guaranteed loans are determined by a review of individual guarantees. The provision represents the best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees.

Manitoba HydroBonds Guarantees

Outstanding Manitoba HydroBonds as at March 31, 2011 totalled $241 million (2010 - $331 million). These bonds carry fixed and variable coupon rates that range from 1.75% to 9.38%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees $163 million (2010 - $251 million) of these outstanding bonds.

Note 6B.a) Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation has guaranteed loans under the following programs:

Program	General Terms and Conditions
Operating Credit Guarantee	Each participating lending institution is guaranteed 25% of the respective value of loans made under this program.
Manitoba Livestock Associations Loan Guarantees	Each association is guaranteed 25% of the loan to a maximum guarantee of $1 million.
Diversification Loan Guarantee Program	Each participating lender is guaranteed 25% of the loan made for the diversification or farm value-added activities, to a maximum individual guaranteed loan allowable of $3 million.
Enhanced Diversification Loan Guarantee Program	Eliminated lender pooling of guarantees and the maximum of $3 million for qualifying loans.

Note 6B.b) Manitoba Student Aid Program

The Government guarantees three types of student loans, issued in the past 18 years, as follows:

Loan type	Nature of loan
Guaranteed loans	Issued by the Canadian Imperial Bank of Commerce (CIBC) from April 1, 1993 to December 31, 1994. These loans are fully guaranteed, if the loan is deemed to be in default.
Limited risk loans	Issued by the CIBC from January 2, 1995 to December 31, 1997 and issued by the Royal Bank from June 2, 1997 to July 31, 2000. The Government only guarantees those loans in default that have been issued to credit abusers, insolvent creditors and minors.
Non-risk loans	Issued by the Royal Bank from August 1, 2000 to July 31, 2001. The Government has agreed to guarantee and purchase any loan deemed to be in default.

Note 6B.c) Manitoba Housing and Renewal Corporation

The Government has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts.

Note 6B.d) Rural Entrepreneur Assistance Program

The Government provides guarantees on new and expanding small or home business loans, with a five-year term.

7. CONTRACTUAL OBLIGATIONS

The Government has entered into a number of contracts and agreements for the delivery of services and the acquisition or construction of assets. The following represents the amounts required to satisfy the contractual obligations as at March 31:

	($ millions)			
	2011			**2010**
	Government Business Enterprises	* Others	Total	Total
Operating obligations:				
Total rental of tangible capital assets	71	344	415	307
Approved loans, grants and contracts for service	-	214	214	145
	71	558	629	452
Capital obligations:				
Tangible capital assets and infrastructure:				
- long-term financing arrangements	677	299	976	1,101
- approved contracts in capital budget	-	95	95	129
	677	394	1,071	1,230
Total	748	952	1,700	1,682

* Government departments, Crowns and Special Funds

Manitoba Hydro Commitments

Manitoba Hydro-Electric Board (Hydro) purchased the net assets of Winnipeg Hydro from the City of Winnipeg in 2002. Winnipeg Hydro was an electric utility with 94,000 customers and annual revenues of $125 million. The purchase consideration principally consisted of annual payments by Hydro to the City of Winnipeg of $25 million in years 2002 to 2006, $20 million per annum in years 2007 to 2011, and $16 million per annum in year 2012 and each year thereafter. The net assets and related financing obligations are reflected in Hydro's financial statements.

Hydro has energy purchase commitments of $1,562 million (2010 - $1,565 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts), coal and electricity. Commitments are primarily for wind, which expire in 2038, and natural gas purchases, which expire in 2013.

Stadium Loan

BBB Stadium Inc. is a non-profit corporation established to develop, own and operate a stadium as a venue for professional and university football and community athletics. The sole members of BBB Stadium Inc. are the City of Winnipeg, the University of Manitoba and the Winnipeg Football Club. Activities of BBB Stadium Inc. are managed by the directors comprised of the University of Manitoba, the City of Winnipeg, the Province of Manitoba and the Winnipeg Football Club. The University of Manitoba has an economic interest in BBB Stadium Inc. related to the use of the stadium for university football games and events at no charge.

The Government has committed up to $160 million as a loan to the University of Manitoba, and the University of Manitoba has committed to loan $160 million to BBB Stadium Inc. As at March 31, 2011, $24 million of the committed loan had been advanced to BBB Stadium Inc.

8. DEBT SERVICING

Debt servicing costs of $773 million (2010 - $756 million) are net of interest recoveries from GBEs of $468 million (2010 - $467 million) and include $32 million (2010 - $58 million) representing interest expense of Crown organizations. GBEs debt servicing costs of $433 million (2010 - $421 million) are reported in Schedule 3.

9. ADJUSTMENTS TO ACCUMULATED DEFICIT

In the March 31, 2011 fiscal year, restatements of the March 31, 2010 accumulated deficit and net income for the year were made in compliance with the Government's accounting policies or for the correction of errors.

A. Correction of trust account presentation

An adjustment was made to correct the classification of a number of accounts previously identified as trust accounts that had been therefore excluded from the summary financial statements. This has resulted in a decrease in the opening accumulated deficit and net debt of $3 million (2010 - $3 million decrease).

B. Correction of severance and vacation liabilities

During the year, it was noted that severance and vacation liabilities reported on the summary financial statements had been understated. The correction of this misstatement has resulted in an increase to the opening accumulated deficit and net debt of $11 million (2010 - $11 million increase)

C. Other

During the year, the Government identified a number of controlled subsidiaries of existing Government reporting entities that were not consolidated by the parent entity. These controlled entities have now been included in the summary financial statements on a fully consolidated basis. This change resulted in an increase in tangible capital assets of $7 million (2010 - $3 million), a nil impact to the opening accumulated deficit (2010 - $0 million) and an increase in net debt of $7 million (2010 - $3 million).

Adjustments were made to the opening accumulated deficit and tangible capital assets of a number of crown organizations to reflect amendments to their tangible capital assets. This has resulted in an increase in opening tangible capital assets of $3 million (2010 - $2 million), a decrease in the opening accumulated deficit of $2 million (2010 - $1 million), an increase in the opening net debt of $1 million (2010 - $1 million) and a $1 million decrease of the 2010 net loss.

As a result of the above noted changes, the opening net debt has increased by $16 million (2010 - $12 million) from the previously reported balances of $11,794 million (2010 - $11,468 million). In addition, the combined effect of the above changes has increased 2010 financial assets by $12 million, increased 2010 non-financial assets by $10 million and increased 2010 financial liabilities by $28 million.

10. AMOUNTS DUE TO THE GOVERNMENT OF CANADA

The March 31, 2003 financial statements disclosed that the net impact of the federal settlement related to the Federal accounting error for the period of 1997 to 1999 was a $91 million loan payable owing to the Government over a ten-year period commencing in 2004/05. As at March 31, 2011, this loan payable has been reduced to $27 million (2010 - $36 million).

To offset negative adjustments to the 2004 Equalization payments, the Government of Canada provided a loan payable to the Government of $38 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2011, this loan payable had been reduced to $19 million (2010 - $23 million). Similarly, to offset negative adjustments to the 2004 Canada Health and Social Transfer (CHST) entitlements, the Government of Canada provided a loan payable to the Government of $9 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2011 this loan payable had been reduced to $4 million (2010 - $5 million). These loans are non-interest bearing.

Through the Manitoba Opportunities Fund Ltd., the Government holds and invests deposits made through the Federal Department of Citizenship and Immigration, Canada's Immigrant Investor Program. As at March 31, 2011, the Government has loans payable of $267 million (2010 - $235 million) to be repaid to the Government of Canada five years after receipt. The Government is charged an administrative fee for each loan.

11. AMOUNTS HELD IN TRUST

Amounts held in trust are assets over which the Manitoba Legislature has no power of appropriation. The amounts are not included in the summary financial statements because the Government has no equity in the amounts and administers them according to trust or other agreed-upon arrangements. As at March 31, 2011, amounts held in trust were as follows:

	($ millions)	
	2011	2010
Fiduciary Trusts	538	539
Custodial Trusts	114	117
	652	656

Fiduciary Trusts

The Government holds certain interest bearing deposits as fiduciary trusts. These deposits are pooled with the Government's investments in order to earn a market rate of interest.

Custodial Trusts

The Government holds custodial trust funds in the form of bonds and other securities as well as title to tangible capital assets.

12. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Borrowings in both Canadian and foreign financial markets result in exposure to risks, which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives).

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Government uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Government does not use derivatives for speculative purposes.

Foreign exchange risk

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary due to fluctuations in foreign exchange rates.

To manage this risk, the Government uses derivative contracts, including foreign exchange forward contracts as well as swaps, to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. The current portfolio of foreign debt is fully hedged through the use of derivatives and U.S. dollar sinking funds, except for the impact of the unamortized foreign exchange fluctuation account of $50 million (2010 - $56 million). This account is fixed with no sensitivity to future foreign exchange rates.

Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. The current policy has hedged the foreign currency debt principal and interest payments through the use of derivatives in relation to general purpose debt.

Manitoba Hydro-Electric Board (Hydro) has exposure to U.S. dollar foreign exchange fluctuations primarily through the sale and purchase of electricity and fuel in the U.S. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term debt coupon and principal payments and thermal fuel purchases. For its U.S. debt retirement purposes, Hydro has a hedging relationship between U.S. dollar long-term debt balances and U.S. sinking funds. As a means to bridge temporary timing differences between inflows and outflows to future years' U.S. dollar requirements, Hydro also utilizes derivative foreign exchange forward contracts as required.

Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

To reduce its exposure to interest rate risk, the Government uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio.

After taking into account derivatives used to manage interest rate risk, investments held as sinking funds and elimination of debt incurred on behalf of Manitoba Hydro-Electric Board, the structure of the debt as at March 31, 2011 was 87% at fixed rates and 13% at floating rates (2010 – 90% at fixed rates and 10% at floating rates). A one percent (100 basis points) movement in interest rates for an entire year would increase/decrease debt servicing costs, net of recoveries, by $21 million (2010 - $16 million).

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations.

The Government manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. In addition, the Government enters into contractual agreements ("master agreements") with all of its counterparties. As at March 31, 2011, the Government has a gross credit risk exposure related to derivatives of $138.0 million (2010 - $88.5 million).

Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term.

To reduce liquidity risk, the Government maintains liquid reserves (i.e. cash and cash equivalents) at levels that will meet future cash requirements and will give the Government flexibility in the timing of issuing debt. In addition, the Government has short-term note programs, bank lines and sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years.

Derivative portfolio

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	($ millions)			
	2011		2010	
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate and cross currency swaps....................................	32,157	(593)	29,500	(680)

Notional amounts of derivatives contracts represent the contractual amounts to which a rate or price applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts and are generally a measure of the exposure to the asset class to which the contract relates. They are not recorded as assets or liabilities on the statement of financial position. Notional amounts do not represent the potential gain or loss associated with the market risk or credit risk associated with the derivative contract.

Fair values of the swap agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap agreements using year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated.

13. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES

Transactions with GBEs are not eliminated for purposes of summary reporting because they are reported in these summary financial statements using the modified equity method of accounting. These financial statements include the following transactions between the Government and GBEs:

A. Accounts Receivable

Amounts receivable includes receivables from GBEs as reported in Schedule 1 to the Summary financial statements. Loans and advances to GBEs are reflected in Schedule 2 to the Summary financial statements.

B. Borrowings

Borrowings include $475 million (2010 - $445 million) owed to Manitoba Public Insurance Corporation (MPIC) relating to the capital financing of school board and health care facilities. Borrowings also include debt in the amount of $289 million (2010 - $328 million) and $40 million (2010 - $60 million) owed to MPIC and Manitoba Hydro-Electric Board respectively, related to the financing of other Government programs.

These borrowings are repayable over a term from 2011 to 2040 at varying interest rates ranging from 1.50% to 11.25%.

C. Water Power Rentals

Water power rental fees charged to the Manitoba Hydro-Electric Board (Hydro), in the amount of $114 million (2010 - $114 million), are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category. Water power rental rates are authorized by Regulation 25/88 and 197/2001 under *The Water Power Act*. Rentals are paid to the Government for the use of water resources in the operation of Hydro's hydroelectric generating stations.

D. Fees and Government Guarantees

The Manitoba Hydro-Electric Board (Hydro) remitted $80 million (2010 - $75 million) to the Government based on the Hydro debt that is guaranteed by the Government. The fees are included in the Consolidated Statement of Revenue and Expense under the sinking funds and other investment earnings category.

E. Driver Licensing Operations

The Government, by agreement, paid $21 million (2010 - $21 million) to Manitoba Public Insurance Corporation (MPIC) for the management and administration of driver licensing. MPIC, on behalf of the Government, collected driver licensing fees totalling $21 million (2010 - $20 million) and motor vehicle registration fees totalling $131 million (2010 - $127 million).

The fees received by the Government are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category.

F. Other Revenue

Under *The Workplace Safety and Health Act of Manitoba*, the Workers Compensation Board supports the administrative expenses incurred by the Government's Department of Labour and Immigration for the Workplace Safety and Health program and the Worker Advisor Office. The amount for the year ended March 31, 2011 was $9 million (2010 - $8 million).

The Manitoba Lotteries Corporation provided $4 million in funding for the year ended March 31, 2011 (2010 - $3 million) to the Addictions Foundation of Manitoba for problem gambling services programs.

Manitoba Hydro-Electric Board paid Corporation Capital Tax of $51 million for the year ended March 31, 2011 (2010 - $48 million).

These amounts received by the Government are included in the Statement of Revenue and Expense under the fees and other revenue and other taxes categories.

14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY

In addition to producing a summary budget as presented on the summary financial statements, Consolidated Statement of Revenue and Expense, the Government continues to provide budget estimates for the Core Government revenue and expenses. PSAB accounting standards recommend disclosure of information where a government has exceeded its revenue, borrowing, investing, expense or expenditure authority limits. The budget estimate presented on the Consolidated Statement of Revenue and Expense, exclude $286 million in supplemental estimates and special warrants related to the Core Government. The original budget estimate amounts plus the $286 million in supplemental estimates and special warrants becomes the revised estimates, against which expenses in excess of legislative authority are determined.

Based upon the revised estimates, the following voted appropriations were over-expended as a result of adjustments made after March 31, 2011:

	($ millions)
Education	
Education and School Tax Credits	6
Finance	
Net Tax Credit Payments	2

15. SUBSEQUENT EVENT

In the spring of 2011, major flooding occurred in several locations across the Province. As a result of the flooding the Government is committed to provide disaster financial assistance, construct new flood protection infrastructure, and replace roads and bridges damaged by the flood. An estimate of the Government's share of the cost is not practicable and therefore cannot be made at the date these financial statements were issued.

16. COMPARATIVE FIGURES

Certain 2010 financial statement figures have been reclassified to be consistent with the 2011 presentation.

SCHEDULE 1

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE
As at March 31, 2011

	($ millions)	
	2011	2010
TAXATION REVENUE:		
Corporation capital tax	-	1
Corporation income tax	-	42
Gasoline tax	13	14
Levy for health and education	37	34
Individual income tax	165	151
Insurance corporations tax	16	18
Motive fuel tax	10	10
Oil and natural gas tax	4	2
Retail sales tax	163	151
Tobacco tax	25	23
	433	446
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Municipal corporations	209	207
Government of Canada shared cost programs/agreements	256	212
Other	46	61
	511	480
INTEREST:		
Sinking fund	16	15
Other investments	5	8
	21	23
OTHER:		
Health and social services	121	150
Manitoba Hydro-Electric Board	15	13
Manitoba Liquor Control Commission	48	48
Manitoba Lotteries Corporation	19	2
Manitoba Public Insurance Corporation	-	10
Sundry departmental revenue	111	79
Other	181	122
	495	424
	1,460	1,373
Less: Allowances	114	114
Total Amounts Receivable	1,346	1,259

SCHEDULE 2

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF LOANS AND ADVANCES
As at March 31, 2011

	($ millions) 2011	2010
GOVERNMENT BUSINESS ENTERPRISES:		
Manitoba Hydro-Electric Board	8,467	8,288
Manitoba Public Insurance Corporation	-	2
Manitoba Lotteries Corporation	152	160
	8,619	8,450
Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board	8,467	8,288
	152	162
OTHER:		
Loans and mortgages - Note a	621	613
Northern Affairs Fund - Note b	11	5
Manitoba Potash Corporation - Note c	4	4
Manitoba student loans - Note d	53	43
Family services agencies - Note e	26	23
Rural Economic Development Initiatives program - Note f	3	3
Other	1	1
	719	692
TOTAL LOANS AND ADVANCES	871	854
Less: Valuation allowance	71	68
NET LOANS AND ADVANCES	800	786

The government business enterprises loans and advances portfolio is due in varying annual amounts to the year 2050, bearing interest at either:

i) fixed with rates ranging from 4.10% to 10.673%; or

ii) floating Canadian - Bankers Acceptance (BA) setting, established monthly or quarterly, with the 1 month BA rate at 1.20143 and 3 month BA rate at 1.29857 as at March 31, 2011.

Note a

	2011	2010
Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2036, bearing interest rates ranging from 2.7% to 8.375%.	339	342
Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2035, bearing interest rates ranging from 0.0% to 13.5%.	130	140
Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest rates ranging from 0.0% to 7.375%.	125	104
Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2018, bearing interest rates ranging from 4.65% to 7.30%.	27	27
	621	613

Note b - Northern districts improvement loans, due in varying amounts to the year 2020, repayable in annual installments, bearing interest at 4.45%.

Note c - Advances, repayable on the Corporation generating revenue or the sale of the Province's interest, bearing interest at prime less 0.75%.

Note d - Student loans, payment and interest free until 6 months past the completion of studies, due 114 to 174 months after that time, carrying interest at prime plus 1.5%.

Note e - Advances to provide family services agencies with advances prepayment of fee for service charges, to be repaid when no longer required, bearing no interest.

Note f - Community Works Program loans, repayable at the end of the 5 to 10 year term, bearing no interest.

SUMMARY FINANCIAL STATEMENTS

SCHEDULE 3

GOVERNMENT BUSINESS ENTERPRISES

SCHEDULE OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION

For the Year Ended March 31, 2011

($ millions)

CHANGES IN EQUITY	UTILITY	INSURANCE	FINANCE	TOTAL 2011	TOTAL 2010
Results from Operations					
Revenues from operations	2,019	1,366	1,438	4,823	4,692
Expenses: From operations	1,444	1,324	847	3,615	3,499
Debt servicing	425	-	8	433	421
Total expenses	1,869	1,324	855	4,048	3,920
Net income	150	42	583	775	772
Transfers to the Government	-	-	(583)	(583)	(540)
	150	42	-	192	232
Other Comprehensive Income	82	87	-	169	709
Net increase in equity in government business enterprises	232	129	-	361	941
FINANCIAL POSITION					
Assets:					
Cash and temporary investments	70	74	41	185	304
Amounts receivable	407	330	32	769	727
Portfolio investments - Due from Government organizations	282	-	-	282	868
Due from others	-	3,394	-	3,394	3,086
Capital assets	10,659	158	201	11,018	10,166
Other assets	1,169	215	49	1,433	1,219
Total assets	12,587	4,171	323	17,081	16,370
Liabilities:					
Accounts payable, accrued liabilities and deferred revenue	1,184	928	155	2,267	1,778
Long-term debt: Owing to Government organizations	8,467	-	153	8,620	8,448
Other borrowings, discounts and deferred transaction costs	180	5	-	185	250
Provision for future benefits: Pension obligations	-	219	6	225	243
Future cost of existing claims	-	2,351	4	2,355	2,583
Total liabilities	9,831	3,503	318	13,652	13,302
Equity in government business enterprises	2,756	668	5	3,429	3,068

For government business enterprises whose fiscal year end is prior to March 31, the amounts reflected are as at their fiscal year end.

SUMMARY FINANCIAL STATEMENTS

SCHEDULE 4

CONSOLIDATED STATEMENT OF BORROWINGS

As at March 31, 2011

($ millions)

Fiscal Year of Maturity	Bonds and Debentures Cdn	Bonds and Debentures US	Canada Pension Plan Cdn	Loans and Mortgages Cdn	Promissory Notes and Treasury Bills Cdn	Totals 2011	Totals 2010
2011	-	-	-	-	-	-	3,464
2012	1,958	-	104	37	1,250	3,349	2,000
2013	1,959	-	73	72	-	2,104	2,104
2014	1,649	717	-	72	-	2,438	2,453
2015	1,726	-	-	66	-	1,792	1,843
2016	2,084	-	-	71	-	2,155	1,197
2011-2016	9,376	717	177	318	1,250	11,838	13,061
2017-2021	4,890	875	15	-	-	5,780	5,137
2022-2031	2,334	292	-	176	-	2,802	2,139
2032-2063	4,796	-	300	-	-	5,096	4,051
2011-2043 Crown Organizations	471	-	-	286	-	757	713
2017-2063	12,491	1,167	315	462	-	14,435	12,040
Total borrowings	21,867	1,884	492	780	1,250	26,273	25,101
Reduced by:							
Debt incurred for and repayable by The Manitoba Hydro-Electric Board						(8,467)	(8,289)
Unamortized debt issue costs						(38)	(16)
Unamortized foreign currency fluctuation						(50)	(56)
Unamortized gains and losses on derivative contracts						46	46
Province of Manitoba debt issues held as investments in sinking funds and cash and cash equivalents						(644)	(675)
						17,120	16,111

	March 31/11 Cdn $ Valuation (See Notes)	March 31/10 Cdn $ Valuation (See Notes)
Borrowings payable in:		
Canadian dollars	20,101	18,907
Foreign issues hedged to Canadian dollars	4,288	3,768
U.S. dollars	1,555	2,035
Foreign issues hedged to U.S. dollars	329	391
Total borrowings	26,273	25,101

Note a: The hedges are derivative contracts which include swaps and forward foreign exchange contracts.

Note b: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any forward foreign exchange contracts entered into for settlement after year-end.

Note c: Interest rates on these borrowings fall into one of three categories:
- i) Fixed with rates ranging from 1.597% to 10.68%.
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.049% and the highest set at 4.59% as at March 31, 2011.
- iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting, established semi-annually, with the rate set at 0.59% as at March 31, 2011.

SCHEDULE 5

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE, ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE
As at March 31, 2011

	($ millions)	
	2011	**2010**
Accounts payable	1,360	1,240
Accrued charges:		
Interest accrued on borrowings	213	258
Canadian Agricultural Income Stabilization / AgrInvest	73	64
Compensation for Victims of Crime	23	24
Disaster assistance	28	11
Flood claims	17	18
Infrastructure works program	20	24
Long term disability income plan	20	18
Environmental liabilities	487	521
Salaries and benefits	605	573
Severance pay	342	329
Workers Compensation Board claims	25	24
Other	55	48
	1,908	1,912
Provision for future losses on guarantees (Note 6)	21	21
Unearned Revenue:		
Deferred contributions related to future expense	32	22
Government of Canada - Advances re: shared-cost programs not yet claimed	108	129
Research and Special Funds	104	108
Tuition and education fees	28	25
Vehicle registration	59	57
Other	37	27
	368	368
Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue	3,657	3,541

SCHEDULE 6

SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PENSION LIABILITY

As at March 31, 2011

($ millions)

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post-Secondary Education Plans (Note A)	Public School Division Plans (Note A)	Other Plans (Note A)	Total 2011	Total 2010
ACCRUED BENEFIT OBLIGATION							
Obligation at beginning of year as previously reported	2,131	2,873	1,173	361	93	6,631	6,321
Restatement (Note B)	-	-	-	(6)	-	(6)	-
Obligation at beginning of year as restated (Note B)	2,131	2,873	1,173	355	93	6,625	6,321
Current service costs	63	72	43	16	3	197	196
Interest cost on benefit obligation	135	184	59	21	5	404	399
Change in actuarial (gains) losses and reserves	144	-	109	-	1	254	36
Plan amendment	-	-	-	-	-	-	-
Benefits paid	(101)	(147)	(91)	(18)	(5)	(362)	(327)
Obligation at end of year	2,372	2,982	1,293	374	97	7,118	6,625
PLAN ASSETS							
Plan assets at beginning of year as previously reported	1,177	1,673	1,097	376	34	4,357	3,598
Restatement (Note B)	-	-	-	(6)	-	(6)	-
Plan assets at beginning of year as restated (Note B)	1,177	1,673	1,097	370	34	4,351	3,598
Employer contributions	63	72	30	9	4	178	170
Employee contributions	-	-	19	8	-	27	27
Transfer of plan assets	1	-	-	-	-	1	-
Plan asset contributions	180	-	-	-	-	180	340
Benefits paid	(101)	(147)	(91)	(18)	(5)	(362)	(327)
Expected return on plan assets	71	115	68	22	2	278	260
Experience gains (losses)	67	60	39	(3)	2	165	283
Market value of plan assets	1,458	1,773	1,162	388	37	4,818	4,351
Deferred investment losses (gains)	(39)	32	11	6	-	10	236
Market related value of plan assets	1,419	1,805	1,173	394	37	4,828	4,587
PENSION LIABILITY							
Plan deficit (surplus)	953	1,177	120	(20)	60	2,290	2,038
Unamortized actuarial gains (losses)	(159)	(274)	(130)	(16)	6	(573)	(284)
Surplus adjustments (Note C)	-	-	17	36	2	55	46
Pension liability	794	903	7	-	68	1,772	1,800
PENSION EXPENSE							
Defined benefit pension plan expense:							
Current service cost	63	72	43	16	3	197	196
Interest cost on benefit obligation	135	184	59	22	5	405	398
Return on plan assets	(71)	(115)	(68)	(22)	(2)	(278)	(260)
Employee contributions	-	-	(19)	(8)	-	(27)	(27)
Amortization of actuarial (gains) losses	(5)	27	2	1	(1)	24	9
Change in surplus adjustments	-	-	10	-	1	11	2
Defined benefit pension plan expense	122	168	27	9	6	332	318
Defined contribution pension plan expense	-	-	4	15	113	132	125

SCHEDULE 6
(cont'd)

SUMMARY FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PENSION LIABILITY

As at March 31, 2011

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post-Secondary Education Plans	Public School Division Plans	Other Plans	Total 2011	Total 2010
MEMBER DATA							
Defined benefit pension plan							
Number of active and deferred members	32,200	21,700	5,600	4,300	300	64,100	63,200
Number of pensioners	16,400	12,400	1,500	1,400	300	32,000	30,900
Total number of plan members	48,600	34,100	7,100	5,700	600	96,100	94,100
ACTUARIAL ASSUMPTIONS							
Discount rate on accrued benefits	6.00%	6.50%	5.00 - 5.75%	6.00%	5.00 - 5.50%		
Expected long-term rate of return	6.00%	6.50%	5.30 - 6.00%	6.00%	5.00 - 5.50%		
Inflation	2.00%	2.25%	2.00 - 2.75%	2.00 - 2.50%	2.00 - 2.50%		
Real rate of return	4.00%	4.25%	2.50 - 3.00%	3.50 - 4.00%	3.00 - 3.50%		
Rate of salary increase	3.75%	3.00%	3.40 - 4.00%	4.00 - 4.25%	3.00 - 3.50%		
Latest valuation	Dec 2009	Jan 2009	(Note D)	(Note D)	(Note D)		

Note A: Post-Secondary Education plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan.

Public School Division plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division.

Other plans include the Members of Legislative Assembly Pension Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan, and the Winnipeg Child and Family Services Employee Benefits Retirement Plan.

Note B: An adjustment was made to restate the opening balance of the accrued benefit obligation and plan assets for the Winnipeg School Division Pension Fund. Originally, the benefits paid amount was reported at $6 million and the revised amount is reported as $12 million. The opening accrued benefit obligation and pension asset balances for 2011 were restated to reflect the change.

Note C: For those plans that the Government is unable to access surplus funds within the plan, adjustments are made to reduce these surplus amounts to nil. These pension surpluses represent the excess of the plan assets funded by employees over the employers' share of the accrued benefit obligation.

Note D: Latest actuarial valuation report dates are as follows:

- University of Manitoba Pension Plans	Dec 2009
- University of Winnipeg Pension Plan	Dec 2007
- Brandon University Retirement Plan	Dec 2010
- Winnipeg School Division Pension Fund for Employees Other than Teachers	Dec 2008
- Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division	Dec 2009
- Retirement Plan for Employees of Frontier School Division	Dec 2009
- Members of Legislative Assembly Pension Plan	Mar 2010
- Legislative Assembly Pension Plan	Dec 2010
- Judges' Supplemental Pension Plan	Mar 2010
- Winnipeg Child and Family Services Employee Benefits Retirement Plan	Dec 2009

SUMMARY FINANCIAL STATEMENTS

SCHEDULE 7

CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended March 31, 2011
($ millions)

	General Capital Assets					Infrastructure				Totals	
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Land and Land Improvements	Transportation	Dams and Water Management Structures	Assets Under Construction	2011	2010
Cost											
Opening cost, as previously reported	222	5,631	1,995	610	607	269	2,896	110	577	12,917	11,780
Restatements, (Note 9)	3	(2)	-	-	7	-	-	-	-	8	3
Opening cost restated	225	5,629	1,995	610	614	269	2,896	110	577	12,925	11,783
Add:											
Additions during the year	13	326	161	48	333	23	245	9	203	1,361	1,232
Less:											
Disposals and write downs	(6)	(8)	(28)	(9)	(2)	-	-	-	(1)	(54)	(90)
Settlements and reclassifications	-	79	5	14	(96)	8	86	14	(110)	-	-
Closing cost	232	6,026	2,133	663	849	300	3,227	133	669	14,232	12,925
Accumulated amortization											
Opening, as previously reported	-	2,501	1,355	376	-	50	1,260	60	-	5,602	5,262
Restatements, (Note 9)	-	(2)	1	(1)	-	-	-	-	-	(2)	(2)
Opening accumulated amortization restated	-	2,499	1,356	375	-	50	1,260	60	-	5,600	5,260
Add:											
Amortization	-	145	129	53	-	3	105	3	-	438	404
Less:											
Accumulated amortization on disposals, write downs	-	(6)	(24)	(9)	-	-	-	-	-	(39)	(64)
Closing accumulated amortization	-	2,638	1,461	419	-	53	1,365	63	-	5,999	5,600
Net Book Value of Tangible Capital Assets	232	3,388	672	244	849	247	1,862	70	669	8,233	7,325

During the year, the Province capitalized $18 million of interest relating to assets under construction (2010 - $17 million).

SCHEDULE 8

FUNDS, ORGANIZATIONS AND BUSINESS ENTERPRISES COMPRISING THE GOVERNMENT REPORTING ENTITY

HEALTH AND HEALTHY LIVING

- Manitoba Health
- Manitoba Healthy Living, Youth and Seniors
- Addictions Foundation of Manitoba
- CancerCare Manitoba
- Diagnostic Services of Manitoba Inc.
- Manitoba Health Research Council
- Manitoba Health Services Insurance Plan
- Manitoba Hospital Capital Financing Authority
- Not-for-Profit Personal Care Homes
- Regional Health Authorities (including controlled organizations)
  - Assiniboine Regional Health Authority
  - Brandon Regional Health Authority
  - Burntwood Regional Health Authority Inc.
  - Churchill Regional Health Authority Inc.
  - Interlake Regional Health Authority Inc.
  - Nor-Man Regional Health Authority Inc.
  - North Eastman Health Association Inc.
  - Parkland Regional Health Authority Inc.
  - Regional Health Authority - Central Manitoba Inc.
  - South Eastman Health/Santé Sud-Est Inc.
  - Winnipeg Regional Health Authority
- Rehabilitation Centre for Children Inc.
- St. Amant Centre

EDUCATION

- Manitoba Advanced Education and Literacy
- Manitoba Education
- Assiniboine Community College
- Brandon University
- Collège universitaire de Saint-Boniface
- Council on Post-Secondary Education
- Manitoba Text Book Bureau
- Public School Divisions
- Public Schools Finance Board
- Red River College
- University College of The North
- University of Manitoba
- University of Winnipeg

SCHEDULE 8
(cont'd)

FAMILY SERVICES AND CONSUMER AFFAIRS

Manitoba Family Services and Consumer Affairs
Companies Office
First Nations of Northern Manitoba Child & Family Services Authority
First Nations of Southern Manitoba Child & Family Services Authority
Funeral Board of Manitoba
General Child and Family Services Authority
Financial Literacy Fund
Insurance Council of Manitoba
Land Titles Assurance Fund
Métis Child and Family Services Authority Inc.
The Property Registry
Vital Statistics Agency

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT

Manitoba Aboriginal and Northern Affairs
Manitoba Agriculture, Food and Rural Initiatives
Manitoba Conservation
Manitoba Entrepreneurship, Training and Trade
Manitoba Housing and Community Development
Manitoba Infrastructure and Transportation
Manitoba Innovation, Energy and Mines
Manitoba Local Government
Manitoba Water Stewardship
Abandonment Reserve Fund
Communities Economic Development Fund
Community Revitalization Fund
Co-operative Loans and Loans Guarantee Board
Cooperative Promotion Board
Crown Lands and Property Agency
Economic Innovation and Technology Council
Ethanol Fund
Farm Machinery and Equipment Act Fund
Food Development Centre
Green Manitoba Eco Solutions
Manitoba Horse Racing Commission
Industrial Technology Centre
Leaf Rapids Town Properties Ltd.
Manitoba Agricultural Services Corporation
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba Education, Research and Learning
Information Networks (MERLIN)

SCHEDULE 8
(cont'd)

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd

Manitoba Floodway and East Side Road Authority
Manitoba Gaming Control Commission
Manitoba Habitat Heritage Corporation
Manitoba Hazardous Waste Management Corporation
Manitoba Housing and Renewal Corporation
Manitoba Opportunities Fund Ltd.
Manitoba Product Stewardship Corporation
Manitoba Trade and Investment Corporation
Manitoba Trucking Productivity Improvement Fund
Manitoba Water Services Board
Materials Distribution Agency
Mining Community Reserve
Mining Rehabilitation Reserve Fund
Pineland Forest Nursery
Quarry Rehabilitation Reserve Fund
Taking Charge! Inc. / Se Prendre En Main! Inc
Vehicle and Equipment Management Agency
Veterinary Science Scholarship Fund
Waste Reduction and Recycling Support Fund

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly
Executive Council
Civil Service Commission
Manitoba Culture, Heritage and Tourism
Manitoba Finance
Manitoba Justice
Manitoba Labour and Immigration
Manitoba Sport
Civil Legal Services
Crown Corporations Council
Helen Betty Osborne Memorial Foundation
Le Centre culturel franco-manitobain
Legal Aid Manitoba
Manitoba Arts Council
Manitoba Boxing Commission
Manitoba Centennial Centre Corporation
Manitoba Film & Sound Recording Development Corporation
Manitoba Law Reform Commission
Manitoba Securities Commission
Office of the Fire Commissioner

SCHEDULE 8
(cont'd)

JUSTICE AND OTHER EXPENDITURES, cont'd

- Organization and Staff Development
- Pension Assets Fund
- Public Trustee of Manitoba
- Special Operating Agencies Financing Authority
- Sport Manitoba Inc.
- Travel Manitoba
- Venture Manitoba Tours Ltd.
- Victims Assistance Fund
- Workplace Safety and Health Public Education Fund

GOVERNMENT BUSINESS ENTERPRISES: (Schedule 3) (Note 4)

Utility:

- Manitoba Hydro-Electric Board

Insurance:

- Manitoba Public Insurance Corporation
- Workers Compensation Board

Finance:

- Manitoba Liquor Control Commission
- Manitoba Lotteries Corporation

SPECIAL ACCOUNTS, not attached to a Sector or Department

- Debt Retirement Account
- Fiscal Stabilization Account

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR

SCHEDULE 9

For the Year Ended March 31, 2011

($ millions)

	Health and Healthy Living		Education		Family Services and Consumer Affairs		Community, Economic and Resource Development	
	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$
REVENUE								
Income taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	690	668	-	-	14	25
Fees and other revenue	486	483	544	529	59	55	629	600
Federal transfers	970	919	128	120	5	5	450	326
Contributions from entities within the Government Reporting Entity	32	74	155	89	-	-	2	4
Sinking funds and other investment earnings	2	22	(3)	(2)	-	-	45	44
TOTAL REVENUE	1,490	1,498	1,514	1,404	64	60	1,140	999
EXPENSE								
Personnel services	2,905	2,759	2,374	2,255	187	189	390	398
Grants/Transfer payments	962	884	215	106	215	213	575	522
Transportation	43	52	30	16	4	5	71	70
Communication	11	22	25	18	4	4	15	16
Supplies and services	745	661	363	473	33	33	300	283
Social assistance related	4	5	3	3	901	835	100	95
Other operating	381	394	291	239	27	24	352	288
Debt servicing	44	43	122	119	1	1	190	182
Minor capital	11	24	46	41	1	2	14	15
Amortization	142	136	115	110	4	4	165	144
TOTAL EXPENSE	5,248	4,980	3,584	3,380	1,377	1,310	2,172	2,013
NET INCOME (LOSS) FOR THE YEAR	(3,758)	(3,482)	(2,070)	(1,976)	(1,313)	(1,250)	(1,032)	(1,014)

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR

SCHEDULE 9
(cont'd)

For the Year Ended March 31, 2011

($ millions)

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$
REVENUE								
Income taxes	-	-	2,922	2,659	-	-	2,922	2,659
Other taxes	-	-	2,702	2,588	-	-	3,406	3,281
Fees and other revenue	132	135	1	-	(26)	(10)	1,825	1,792
Federal transfers	50	50	2,444	2,507	-	(3)	4,047	3,924
Contributions from entities within the Government Reporting Entity	-	-	800	796	(214)	(191)	775	772
Sinking funds and other investment earnings	189	180	-	1	(3)	(25)	230	220
TOTAL REVENUE	371	365	8,869	8,551	(243)	(229)	13,205	12,648
EXPENSE								
Personnel services	469	459	12	7	4	7	6,341	6,074
Grants/Transfer payments	68	64	25	32	(436)	(418)	1,624	1,403
Transportation	10	9	24	5	1	28	183	185
Communication	14	16	1	1	-	-	70	77
Supplies and services	175	165	34	87	185	161	1,835	1,863
Social assistance related	30	29	-	-	-	-	1,038	967
Other operating	44	48	24	33	7	3	1,126	1,029
Debt servicing	424	422	-	-	(8)	(11)	773	756
Minor capital	2	4	-	3	1	1	75	90
Amortization	7	7	2	3	3	-	438	404
TOTAL EXPENSE	1,243	1,223	122	171	(243)	(229)	13,503	12,848
NET INCOME (LOSS) FOR THE YEAR	(872)	(858)	8,747	8,380	-	-	(298)	(200)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector.

Note b: Consolidation adjustments are necessary to conform sectors to Government accounting policies and to eliminate transactions between sectors.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

SCHEDULE 10

For the Year ended March 31, 2011

($ millions)

	2011			2010		
	Core Government (Note)	Consolidation Impacts	Summary 2011	Core Government (Note)	Consolidation Impacts	Summary 2010
REVENUE						
Income taxes	2,922	-	2,922	2,659	-	2,659
Other taxes	2,807	599	3,406	2,688	593	3,281
Fees and other revenue	511	1,314	1,825	504	1,288	1,792
Federal transfers	3,726	321	4,047	3,676	248	3,924
Net income from government business enterprises (Schedule 3)	583	192	775	540	232	772
Sinking funds and other investment earnings	-	230	230	-	220	220
TOTAL REVENUE	10,549	2,656	13,205	10,067	2,581	12,648
EXPENSES						
Health and Healthy Living	4,751	369	5,120	4,544	287	4,831
Education	2,131	1,210	3,341	2,065	1,162	3,227
Family Services and Consumer Affairs	1,361	2	1,363	1,292	3	1,295
Community, Economic and Resource Development	1,571	401	1,972	1,557	256	1,813
Justice and Other Expenditures	842	92	934	870	56	926
Debt Servicing (Note 8)	233	540	773	240	516	756
TOTAL EXPENSES	10,889	2,614	13,503	10,568	2,280	12,848
Net Income (Loss) before Transfers for Expense Recovery	(340)	42	(298)	(501)	301	(200)
Transfer (to) from Fiscal Stabilization Account	35	(35)	-	57	(57)	-
Net Result before Transfers for Debt Repayment	(305)	7	(298)	(444)	244	(200)
Transfer (to) from Debt Retirement Account	145	(145)	-	(20)	20	-
Transfer (to) from Fiscal Stabilization Account	90	(90)	-	-	-	-
NET RESULT FOR THE YEAR AFTER TRANSFERS	(70)	(228)	(298)	(464)	264	(200)

Note: The Core Government is a component of the Government Reporting Entity and represents the revenues directly reported and the programs and services delivered by government departments. Core Government results are based upon specified accounting policies which vary from Canadian generally accepted accounting principles, in that the results for the year do not reflect the expenses related to the increase in the overall pension liability, do not consolidate the operations of all Crown organizations, include results of the Finance category of government business enterprises only and account for capital financing to health care facilities as a deferred charge. In addition, starting in 2008/09, certain loans and advances to Crown organizations, repaid through future appropriations, were reflected as assets of the Core Government. Public sector accounting standards would require these advances to be expensed as grants in the year issued.

OTHER FINANCIAL REPORTS

FOR THE YEAR ENDED

March 31, 2011

SECTION 2 OTHER FINANCIAL REPORTS

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Debt Retirement Account. 125

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2011 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(ii) of the *Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2011 is prepared, in all material respects, in accordance with section 65(1)(c)(ii) of the *Financial Administration Act*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of Section 65(1)(c)(ii) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

Unaudited Information

Without modifying our opinion, we draw attention to the Schedule of Supplementary Information which has been presented as unaudited information. The financial information in this schedule is not covered by our report and accordingly, we do not express an opinion on the information.

Original document signed by:
Carol Bellringer

August 24, 2011
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General

500 - 330 Portage Avenue Winnipeg, Manitoba R3C 0C4 office: (204) 945-3790 fax: (204) 945-2169
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FISCAL STABILIZATION ACCOUNT
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2011

	($ thousands)	
	2011	**2010**
Transfer to Core Government operations	(125,315)	(57,186)
Account Balance, beginning of year	807,254	864,440
Account Balance, end of year	681,939	807,254

FISCAL STABILIZATION ACCOUNT NOTES TO STATEMENT OF TRANSFERS AND ACCOUNT BALANCE

For the Year Ended March 31, 2011

1. The Fiscal Stabilization Account was established under the authority of subsection 26.1(1) of *The Financial Administration Act.* The Fiscal Stabilization Fund established under *The Fiscal Stabilization Fund Act* is continued as the Fiscal Stabilization Account. The legislated purpose of the Account is to assist in stabilizing the fiscal position by supporting core government operations in a fiscal year or to repay debt. Under subsection 26.1(3) the Minister of Finance, with the approval of the Lieutenant Governor in Council, may deposit in the Account any part of the revenue or other financial assets received in the core government in any fiscal year. Under subsection 26.1(4), the Minister of Finance may, with the approval of the Lieutenant Governor in Council, transfer all or part of the Account balance to the core government.

2 Transactions in the Fiscal Stabilization Account are accounted for on an accrual basis and reflect the transfers made under Section 26.1(3) and 26.1(4) of *The Financial Administration Act.* Transfers are determined by the Minister of Finance and are authorized with an Order in Council. The report on these transactions is made in accordance with Section 65(1)(c)(ii) of *The Financial Adminstration Act.*

3 It is the Government's policy to divide the Fiscal Stabilization Account into two programs, the Health Program and the General Program, as presented in the attached, unaudited Schedule of Supplementary Information. Funds were allocated to the Health Program based upon funds received from the Federal Government for Wait Time Reduction programming and Other Health Related programming.

4 Subsection 26.1(2) of *The Financial Administration Act* stipulates that the Minister of Finance shall make every effort to ensure that the balance of the Account at the end of each fiscal year is at least 5% of the core government expenditures for that year.

FISCAL STABILIZATION ACCOUNT
SCHEDULE OF SUPPLEMENTARY INFORMATION
(Unaudited)
For the Year Ended March 31, 2011

	($ thousands)	
Fiscal Stabilization Account by Program	**2011**	**2010**
Health Program		
Account Balance, beginning of year	57,834	104,656
Health Program Transfers		
- Wait Time reduction Programming	(25,000)	(36,822)
- Other Health Related Programming	-	(10,000)
Account Balance, end of year	32,834	57,834
General Program		
Account Balance, beginning of year	749,420	759,784
General Program Transfers		
- Health Program	25,000	46,822
- Transfer for General Purpose debt reduction	(90,000)	-
- Transfer for General Purpose debt servicing costs	(5,990)	-
- Transfer to Core Government - allocated to general purposes	(29,325)	(57,186)
Account Balance, end of year	649,105	749,420
Total Account Balance, end of year	681,939	807,254

OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2011 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(i) of the *Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2011 is prepared, in all material respects, in accordance with section 65(1)(c)(i) of the *Financial Administration Act* .

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of section 65(1)(c)(i) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose

Original document signed by:
Carol Bellringer

August 24, 2011
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General

DEBT RETIREMENT ACCOUNT STATEMENT OF TRANSFERS AND ACCOUNT BALANCE

For the Year Ended March 31, 2011

	($ thousands) 2011	($ thousands) 2010
Transfers		
Allocation for Interest	14	964
Transfer from Core Government operations	-	20,000
Transfer for General Purpose debt reduction	(145,304)	-
Transfer for Pension Obligation	-	(10,000)
Net results for the year after transfers	(145,290)	10,964
Account Balance, beginning of year	145,290	134,326
Account Balance, end of year	-	145,290

Notes to Financial Information

1. The Debt Retirement Account was established under the authority of *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act* (Act). The Debt Retirement Fund established under the Act is continued as the Debt Retirement Account. The purpose of the Account was to assist in the orderly repayment of debt pursuant to the Act.

2 Transactions in the Debt Retirement Account are accounted for on an accrual basis. Transfers to the account are made in accordance with Sections 13(2) and 13(3) of the Act. Transfers from the account are made in accordance with Section 14(1) and 14(2) of the Act. The report on these transactions is made in accordance with Section 65(1)(c)(i) of *The Financial Administration Act.*

3 In accordance with subsection 14(2) of the Act, which requires the balance of the debt retirement account to be transferred to the Core Government at least once every five years for the purpose of reducing general purpose debt, the Government transferred $145 million from the Debt Retirement Account to the Core Government on April 14, 2010.

4 Subsection 13(2) of the Act was amended to not apply to those periods falling within the economic recovery period, ending March 31, 2014, and as a result there was no transfer from Core Government operations for the specific purpose of reducing general purpose debt and pension obligations (2010 - $20 million). Consequently there was no transfer (2010 - $10 million) from the Debt Retirement Account for the specific purpose of providing for the future retirement of pension obligations in accordance with subsection 14(1) of the Act.